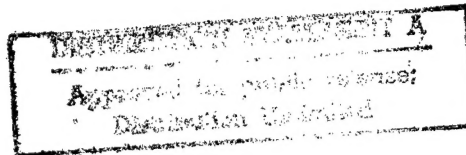


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7 February 1986

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ARGENTINA

CAPUTO DISCUSSES RELATIONS WITH U.S. INTEGRATION

PY041842 Buenos Aires TELAM in Spanish 2230 GMT 3 Jan 86

[Text] Mar del Plata, 3 Jan (TELAM)--Foreign Minister Dante Caputo today stated that the Latin American countries' foreign debt is an open wound. Neither the government nor the citizens can bear this burden because a national effort is being made to pay a debt we did not contract.

The minister added that the foreign debt, to a great extent, is the result of the irresponsibility of not only those who contracted it but also of those who granted loans at a time of excessive liquidity in the international market.

In statements to Radio Mar del Plata, he stated that as President Raul Alfonsin has said, Argentina has reached a mature relationship with the United States. This might bother some people, but it is illogical to think that our relations with the United States could be immature.

He added that the two countries organize their societies in a similar way. We share the same point of view regarding liberty and democracy. Argentina is a Western country, therefore, it shares many things with the United States.

Regarding foreign policy, he stated that in 1986 we will try to consolidate the major aspects of our objectives set during the past two years. We have proven that the policy outlined and developed over the past two years has been the correct one.

Caputo asserted that Argentina has consolidated a strong international image because it has chosen a moral path based on respect for other countries and on respect for universal tasks we have carried out, which have had results.

He noted that the most important achievements have been the progress in the Malvinas negotiations, which are still facing problems. We have made progress, however, and are in a better situation than we were in two years ago. We have strong international support and have reached an agreement with Chile over the Beagle Channel.

He maintained the need for a border policy and said that this is an area of frictions where numerous institutions are active. Sometimes, these institutions get in each others way and do not manage to coordinate their activities. We can hardly make any progress in the Latin American integration

process if we do not manage to achieve peaceful coexistence with our neighbors.

Caputo said Latin American integration is one of Argentina's vital issues because the economy needs room to expand for development. He added that through the Cartagena Group, we have proven that integration is possible when it involves a specific subject that concerns the countries.

Referring to another subject, he stated that if the Central American problem is not solved, he could assert that countries like Argentina will be affected by serious internal problems caused by the actions of the superpowers. He added that no nation in the hemisphere will remain indifferent to war in Central America.

Caputo noted that he will soon travel to Caracas, Venezuela, to attend the Contadora Group meeting, which will also be attended by the foreign ministers of seven other Latin American countries to study the Central American situation.

/12913

CSO: 3348/342

7 February 1986

ARGENTINA

COUNCIL FOR DEMOCRACY CREATED

Coordinator Named

PY271244 Buenos Aires TELAM in Spanish 0000 GMT 27 Dec 85

[Text] Buenos Aires, 26 Dec (TELAM)--The executive branch this afternoon at government house issued Decree 2,446. The decree creates the Council for the Consolidation of Democracy, which will formulate a transformation project based on the ethics of solidarity and on participatory democracy, for the purpose of modernizing the cultural, scientific, educational, productive, and state patterns of Argentine society.

Decree 2,450 designates Presidential Adviser Carlos Santiago Nino as the coordinator of the council, which will have 18 members.

Council Members Installed

PY281641 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1015 GMT 28 Dec 85

[Excerpt] Buenos Aires, 28 Dec (NA)--President Raul Alfonsin has called the putting into operation of the Council for the Consolidation of Democracy [Consejo de Consolidacion de la Democracia], whose members were installed during a brief ceremony in the White Hall of Government House, the "laying of the council's foundation."

In a brief improvised speech upon installing the 18 individuals who make up the council, Alfonsin said: "We are going through a crucial time which requires the effort, intelligence, and commitment of all Argentines."

The ceremony, which was attended by about 100 special guests, national officials, and representatives of political groups, was held just after 2000. During the ceremony Alfonsin delivered to the members of the council copies of the decree appointing them.

President Alfonsin, Vice President Victor Martinez, and Interior Minister Antonio Troccoli occupied the main stand, while the members of the new council formed a semicircle around them.

The new council members are: Ismael Amit; Leopoldo Bravo; Raul Dellepiane; Guillermo Estevez Boero; Rene Favaloro; General Ricardo Flouret, retired;

Enrique Nosiglia; Julio Hipolito Olivera; Emma Victoria Perez Ferreyra;
Ricardo Puiggros; Angel Federico Robledo; Priest Fernando Augusto Storni;
Jorge Alberto Taiana; Alfonso Isidoro Vitolo; Maria Elena Walsh; and Emilio
Weinschelbaum.

Genaro Carrio and Hilario Fernandez Long did not attend the ceremony for
personal reasons.

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CSO: 3348/342

ARGENTINA

RECENT EMIGRATION DATA SAID TO CONTRADICT OFFICIAL FIGURES

Buenos Aires AMBITO FINANCIERO in Spanish 11 Nov 85 pp 13, 15

[Article by Martin F. Yriart]

[Text] In 1982, a highly publicized poll in the news media stated that 2.1 million Argentines had chosen to emigrate from the country. From 1977 to 1981, however, the National Institute of Statistics and the Census did not give annual data on migratory flow in the country (the basic information had been collected, but to date, it has not been published). If this figure were true, it would indicate an extremely alarming trend for a country with a scarce population density, one chronically threatened by its demographic inadequacies and the migratory pressure from neighbors. But in addition, it would be a troublesome indicator of future problems, inasmuch as following a long period during which Argentina was strengthened by the incorporation of a flow of immigration that turned out to be a powerful stimulus of internal development, it reportedly began the massive deportation of different population groups (professionals, technicians, and so on), the key to its future evolution. Nor have we mentioned the loss represented by the educational investment "exported" without anything received in return.

A study completed by the Center of Population Studies (CENEP) of Buenos Aires, done with the cooperation of the UN Institute for Research in Social Development (UNSRID), reveals that while the phenomenon of the emigration of Argentines has significant proportions, the likely figure for 1980 is much lower than it had been announced by that survey.

The CENEP study was done by a team headed by sociologist Alfredo Lattes and made up of Rodolfo Bertoncello, Cesar Moyano and Susana Schkolnik, with the cooperation of Mario Margulis. UNSRID is headed by Enrique Oteiza, who at the Torcuato Di Tella Institute completed some of the first studies on the emigration of professional and scientific personnel from Argentina in the 1960's.

Knowing the truth about Argentine emigration during this decade means overcoming that 5-year gap occurring in the most critical period of the country's recent history, but in addition, one must outline a series of official statistics that totally ignore the phenomenon that Argentines also emigrate. Based on the way in which official figures are put together, the emigration of Argentine citizens simply does not exist. It can only be deduced following

the laborious computation of entries and exits, along with demographic figures from other countries, with their accompanying uncertainties.

The emigration of Argentines is a relatively recent phenomenon, in a country where immigration has constituted a dominant force of social growth for over two centuries. Between 1857 (the year when migrational statistics began to be kept) and 1976, Argentina received a net immigration of 5,212,500 persons and a study done in the 1960's reveals that without that demographic influx, the population of our country would be half what it is now.

Immigration had its first massive impact in the 1880's, when 638,000 immigrants entered the country, largely exceeding the total immigration occurring throughout the entire preceding period. That immigration peaked in 1901-1910, when the country took in 1.12 million foreigners. World War I immediately produced a violent drop, reducing the flow to one-sixth. The 1920's then saw a resurgence of nearly the same figures as early in the century and from then on, the numbers evolved irregularly, but in a downward fashion.

The decade of the 1930's, that of the economic depression, produced another drop. The 1940's and 1950's saw new increases, with a drop in the 1960's, then a strong surge in the early 1970's. But statistics came to an end in 1976 and the mystery began.

And yet, the net emigration of Argentines had been occurring since the 1950's, without anything striking of note. According to Lates, the expansion of education in our country and the resulting increase in the number of professionals, coinciding with the first symptoms of a crisis in the national economy and the increase in international demand for skilled personnel, acted as factors setting off a trend that would be sustained. In addition, the Argentines were accompanied by many European immigrants (especially Spanish and Italians), attracted by better living conditions in their native countries. "In more recent years," the report states, "the profound economic and political crisis and the horrifying climate of violence are probably the decisive factors causing more and more Argentines to emigrate." The question is how many.

Morris Horowitz and Enrique Oteiza were among the early researchers at the Di Tella Institute who tried to answer the question, but they came up against the lack of statistics, although data was later published indicating that the average emigration of Argentines was 12,000 a year as early as the 1960's. A single country, the United States, had taken in 80,000 professionals and technicians from Latin America during the 1961-1975 period.

Causes

Starting in the 1960's, questions about the mechanisms giving rise to emigration are more complex. One factor is the "structural-educational tension" that has to do with the gap between the level of education and income. Another relates to the level of education and the possibility of occupying certain positions in the productive structure. With regard to scientists, there is also the relative weight (or absence thereof) of research in society.

Argentina's Emigration Trends in the 1970's



Key:

1. Emigrants 2. 40,000 and over

[Caption] The map of Argentine emigration is eloquent. Some return to Europe, while others make use of their comparative advantages: education, professional training, in bordering countries. Still others emigrate to the United States, thus closing a cycle initiated by their grandparents.

In addition to the above factors is an analysis of circumstances such as political crises, racial and ideological persecution and the appearance of great demand resulting from massive hiring in host countries. An especially interesting analysis of the phenomenon is that of Oscar Oszlak and Dante Caputo, who compare the classic "liberal" position, which views the emigration that others call a brain drain as the "free circulation of human resources," with the "nationalist" posture that would try to repair the effects of national socioeconomic problems with sporadic solutions. That is not the proper path, they claim.

How Many

Other studies outlined by Lattes try to set the volume of Argentine emigration and particular, of the emigration of professionals, but the figures do not agree: 2.1 million, according to some; between 300,000 and 500,000, according to others.

Lattes' work takes up precisely this question, calculating the balances that remain when contrasting entries and departures of Argentines from the country and excepting the 1977-1984 period. Depending on one's explanation of that period, the total emigration balance for the 1954-1984 period is between 639,000 and 542,000 persons, according to official statistics. However, this figure does not reflect the number of Argentines now living abroad because it does not include births or deaths. The trend is eloquent, however: "In the past 3 years," Lattes says, "the figures are more than 10 times higher than those for the first 3 years of the series, while during the same period, the country's total population did not double. This means that the rate of international mobility of Argentines has increased extraordinarily."

By adjusting balances based on mortality, Lattes concludes that the number of Argentine emigrants abroad is probably between 602,000 and 510,000. It is curious that these figures are in flagrant contradiction with those of the national censuses which, according to Lattes, give a positive balance for the "immigration" of Argentines, a phenomenon difficult to understand given the difficulty of an Argentinian "immigrating" to Argentina. Lattes attributes this paradox to "the errors affecting basic information used, in this case, population censuses, mortality rates and birth records."

Nevertheless, based on painstaking demographic calculations, Lattes manages to find some coherence between census data and estimates made of the number of Argentines residing abroad, which, of the two figures initially proposed, would be closer to the lower one, in other words, 529,000 persons.

The census data and estimates obtained from other countries by Lattes give a total of 307,000 Argentines residing abroad. Three-fifths of them live in Latin American countries or Israel; the remaining two-fifths reside in developed countries. It is not surprising that the largest concentration is in the United States, where 69,000 Argentines were counted in 1980. The most interesting fact is that the second-ranking community of expatriates is in Paraguay, where there were 40,000 natives of our country registered that same year. In Brazil and Uruguay lived 27,000; in Chile, 24,000; in Venezuela, 13,000; and in Panama, 11,522. (Panama? One wonders whether they are fugitives from the DGI [General Directorate of Taxation], sailors on flagships of convenience or interpreters of the tango so successful in the Caribbean, but this possibility is naturally not contemplated by Lattes.)

The developed world also holds surprises. The largest Argentine contingent outside the United States resides in England, where there are 13,700 residents of this nationality, according to 1980 census figures. England is followed by Spain (7,700), Canada (7,000), Switzerland (5,500) and Australia (5,000). (The comparative advantage of the language does not seem to have played too much of a role, in contrast with the degree of opportunity supplied by the general level of development and the "pioneer" spirit of the host country.)

Lattes' study offers some interesting data on the characteristics of these emigrant Argentines. Unlike what happens with other emigrant factions, there are more women than men, especially in bordering countries, but not in the United States, where most Argentine emigrants are men. Of these, 75 per cent are on the fringes of the economically active age.

Single men and women also predominate; there is a larger percentage of them abroad than at home. (This may indicate difficulties of integration as well as the postponement of starting a family because of other interests, such as professional or economic development.)

The educational level of emigrants (especially in the United States, Chile and Venezuela) is higher than the average in Argentina. Those moving to the United States have visibly improved their economic level, while those settling in Chile or Paraguay have lost ground. But in general, their participation in economic activities of the primary sector is proportionally less. On the other hand, the percentage of Argentines working abroad in activities of the secondary sector is similar to that of our country. Finally, in the tertiary sector, the percentage of men is greater than that of women, still comparing the situation with Argentina.

"Regarding changes that may have occurred among contingents of emigrants as time has passed," Lattes says, "we have only a few indicators for the group that went to the United States. Between the waves previous to 1970 and the last one between 1970 and 1980, one observes a makeup based on age with fewer children, a larger proportion of single persons, a higher level of training, and greater propensity to join the economic activity, especially among women. An analysis of Mexico shows similar changes."

In sum, the Argentine population has doubled in three decades, but emigration has increased ten times. Argentines who leave have a higher level of education and an economic potential greater than what they had enjoyed at home.

11,464

CSO: 3348/212

ARGENTINA

DROP IN FOREIGN CURRENCY EXPECTED DESPITE HIGH EXPORT VOLUME

Buenos Aires AMBITO FINANCIERO in Spanish 12 Nov 85 p 22

[Article by Luis Lozano Silva]

[Text] This year, the large volumes of agricultural products stored in the world and the additional pressure brought to bear on the commercial market by the trade war between the United States and the EEC have caused Argentina losses that might be estimated at between \$600 million and \$700 million, nearly 10 percent of the annual interest which the country has to pay on its foreign debt. Furthermore, the reduction in its foreign exchange income came about despite a simultaneous increase in the volume of exports of some 20 percent.

Early private estimates would adjust government predictions made in the middle of the year downward (\$4,728,000,000), but those predictions had already substantially reduced early expectations.

The final balance in exports of grain, fats, oils and by-products would thus come to some \$4.3 billion at best, of which some \$3,941,000,000 had already been received by the first week of November, leaving scarcely \$359 million for the remaining 8 weeks before the end of the year.

The methods used for these calculations are based on export records presented to the National Grain Board and shipping statements. Allowing for possible differences of as much as 10 percent in those records, with respect to volumes actually shipped and confirmed, results should provide for a certain margin of error that would still not substantially alter the figures obtained.

An additional difficulty in calculations is the impossibility of precisely setting the average export prices for the different products. Nevertheless, the averages used can be considered as representative of the period during which most shipments were made.

In general, exports of grain and oil-yielding products totaled some \$2,831,000,000, of which barely \$137 million are left. Some \$2,694,000,000 have already been received.

Exports of oils are reportedly down despite an increase in volume, with a noteworthy drop in revenue: about \$900 million, of which only \$156 million are still outstanding.

The sale of by-products from the milling of oil-yielding products reportedly totals some \$466 million, of which scarcely \$66 million are outstanding.

A total of 500,000 tons of wheat remain to be exported. At a price of \$95 a ton, this would amount to \$47.5 million.

Some 6.82 million tons of corn have been exported, meaning foreign exchange income of some \$750 million.

Sales of sorghum abroad reportedly amounted to 3,155,000 tons, for a total sum of \$252 million, with only about 75,000 tons left to ship. At about \$80 a ton, this would amount to income of \$6 million.

Some 350,000 tons of sunflower seeds have been exported, meaning revenue of \$77 million.

The 2,987,000 tons of soybeans exported produced income of \$603 million.

Sunflower seed oil exported by 31 October totaled some 733,000 tons, producing \$380 million in income. By 6 November, the figure would total some 890,000 tons, which, if true, would leave about 157,000 tons, worth \$76 million.

Shipments of soybean oil would amount to 335,000 tons, totaling \$168 million. The remaining balance would amount to 169,000 tons worth about \$74 million.

The total amount of linseed oil available has reportedly already been exported: 127,000 tons, producing income of \$69 million.

For its part, peanut oil exported totals 19,000 tons, worth \$15 million.

Prospects on international markets unfortunately do not point to any significant improvement in medium-range terms for these products.

Argentina will therefore have to resign itself to increasing exports in 1986 and receiving foreign exchange income that in the best of cases will only be equal to that of 1985.

11,464

CSO: 3348/212

ARGENTINA

FORMER FINANCE MINISTER OUTLINES OBSTACLES FOR AUSTRAL PLAN IN 1986

Buenos Aires **AMBITO FINANCIERO** in Spanish 11 Nov 85 pp 12, 16

[Article by Juan Alemann, former secretary of finance: "Storm Clouds Over the Austral Plan"]

[Text] Outwardly, at least, the Austral Plan has enjoyed formidable success: Inflation rates have dropped spectacularly, to almost civilized levels, and the treasury has not shown a deficit for 3 consecutive months. The trade balance for 1986 will very likely show a surplus greater than that of last year and negotiations on the foreign debt have concluded with positive results, making it possible to resume regular payments abroad. The recessionary period that began in May of this year (before the Austral Plan and as the result of an opposite policy) was overcome in August, within a surprisingly brief period of time and precisely as the result of the Austral Plan. The economy, still in a recessive phase, has been normalized. Price controls have been used with great caution and flexibility, so that for most products making up the family food basket, official prices were effectively obeyed, while in certain cases, supermarket prices were even lower. Shortages and general non-compliance were therefore avoided. The free rate of exchange remained, with some variations, at the initial level, between 15 and 20 percent over the official rate, thus preventing the serious disturbances that appear when the gap is greater and, above all, growing.

But underneath this optimistic picture (which was very timely for the elections) is a future darkened by problems. The year 1986 will be extremely difficult for our country, requiring much greater efforts and imagination on the part of our leaders than they have demonstrated to date. Nor will this macroeconomic and financial management be enough. We shall have to face basic structural problems, each of which involves difficulties that have traditionally appeared to be nearly insoluble. We shall need a great deal of courage, determination and fitness. In 1986, we shall see how much the government of President Raul Alfonsin is truly worth.

Fiscal Accounts

The balance in treasury accounts has been achieved to a great extent by extraordinary factors. We underline the following: a reduction in the period of the IVA [value-added tax], meaning the collection of a single extra installment;

the payment of debts to the DGI [General Directorate of Taxation] because of a real sharp increase in interests stemming from delays; substantial reintegration of sums previously paid out by the treasury as the result of counter-signatures; the payment of debts owing for taxes on fuels; and greater discipline on the part of national firms in paying the interest on their debts, without letting them be borne by the treasury, as they had previously done. This was possible because of smaller investments and, in some cases, by the advance collection of future income. This was the case of Aerolineas Argentinas, with the drop in international fares, and the YPF [Government Oil Deposits], with advance collection of future sales to Mosconi General Petrochemistry. This means a fat table today and starvation tomorrow.

In addition to these extraordinary factors if now forced savings, which will foreseeably make it possible to close the books for November and December without a deficit, months that would be positively influenced with respect to the IVA and internal savings by the economic recovery of the past months.

As far as public spending is concerned, the most important factor has been the freeze on salaries and their reduction in real terms. In addition, public investment and other spending, particularly maintenance, have been reduced to a minimum. With the provinces, the treasury's position has hardened, with the healthy effect that many of them have no other alternative than to seriously face the unpleasant and unsound aspects of their finances, after having appointed a plethora of personnel and squandered resources.

For the first quarter of 1986, the precarious balance achieved threatens to be broken. Not only will the special income sources named disappear, but export duties will bring in much less due to the major drop in international prices on grains and oil-yielding products this year. The tax reform will have little effect immediately, so that one has difficulty seeing how these fiscal losses will be compensated for.

At the same time, spending will tend to increase. It seems little likely that the government can continue to make progress without at least a modest increase in pay effective 1 January 1986. In addition to this, certain forms of spending, which have not been eliminated but only postponed, will reappear. Maintenance cannot be postponed indefinitely. The most visible case is that of the road system, which runs the risk of being seriously damaged if intensive maintenance work is not undertaken soon. The only factor of adjustment that remains is public investment, although it would appear to be difficult to reduce it any further.

Under such conditions, one cannot see how the government, starting in early 1986, can comply with the principle of not issuing money for the public sector, unless it resorts to a high absorption of savings by means of public securities, with serious negative effects on private activity. But even with this solution, the problem is simply postponed, but not solved. Argentina no longer has the public debt capacity of the time of Martinez de Hoz, when there was a very liquid international financial market, thanks to the petrodollars, along with broad credibility in Argentina, all combined with a high level of domestic savings, reflected in growing monetization of the economy. This made it

possible to finance a deficit on the order of 4 points of the GNP, without any disturbance. This would not now be possible without serious consequences. The circumstances, more than any political determination, require extreme fiscal discipline, which in turn leads to many other requirements: reducing public investment to the minimum, transferring it to the private sector insofar as possible; returning public enterprises or sectors of them to the private sector or liquidating them; reducing the number of agents in the public sector; rationalizing and consequently, deregulating the economy.

Unfortunately, over 4 months have been wasted in examining far-reaching actions that would ensure the success of the Austral Plan. We understand that concern over the immediate aspects of that plan, as well as the very inhibitions inherent in any pre-election period, have justified such omissions. For that reason, with the election won, with a clear election definition in favor of the principles contained in the Austral Plan, the time has come to roll up our sleeves and get to work. The government has a year ahead of it to work. It has all the political power it needs. Then will come another election period and things will be more difficult.

In addition to the financial difficulties mentioned, one also has a gloomy picture as far as our exports are concerned. Grain and oleaginous markets are depressed and in 1986, average prices will be lower than those of 1985, with the aggravating circumstance that the record harvest of this year will be hard to equal. There is the additional prospect of reduced sugar exports because of the gradual closing of the American market as the result of the increase in production of fructose. Nor are the prospects good for meat. Apples face growing problems, mainly due to Brazil's policy of self-sufficiency and strong competition from South Africa and Chile. In the area of petroleum, where we have become exporters and where we could export more thanks to the substitution of gas for oil, the price is down due to the collapse of OPEC. The only sector with positive development is industrial exports, which, however, are still threatened by internal recovery and, above all, a lack of synchronization between the rate of exchange and wages.

In addition to all this, the threat of a recession in the United States hangs over Argentine exports. Economists in that country note that a recession is foreseeable during the second half of 1986, due to the fact that the current ascending phase of the cycle is abnormally long compared with the historical average of the 30 cycles recorded since 1854, as well as other factors. If that recession should occur, it would negatively affect Argentine exports.

Conclusions

Whatever the case, the Austral Plan enters its difficult phase in 1986, meaning the period when it ceases to be a circumstantial response to hyperinflation and turns into a long-term economic policy. It is then foreseeable that the interests affected by the plan, mainly trade union power (whose political influence is greatly reduced with relative monetary stability) will unite, seeking all kinds of unholy alliances against the government. Add to this the growing tension with certain provinces, whose public finances are in a calamitous situation and whose provincial banks are seriously compromised, in certain

cases with situations in which the provincial government openly violates the legal norms governing banks. The issuance of securities by provinces, the use of minimum man power, the channeling of an excessive proportion of loanable resources to the provincial public sector or, in the case of Entre Rios, the unilateral and illegal resolution of the provincial government that treasury funds deposited in the provincial bank should be excluded from computation of minimum man power, all quickly leading to highly conflictive situations with the national government, which cannot yield without compromising the Austral Plan.

If, in addition to the circumstances that must be faced in any case, others are negatively included in the Argentine economy, the problems to be solved are then much more difficult. Halfway measures are then not enough and cosmetic solutions will not solve the problem either, solutions that change things on the surface but that leave everything the same inside, as in the case of some adopted to achieve the treasury surplus.

Inasmuch as 1986 already looks gloomy, it should be of little political importance that it look a little worse, as long as it is clearly noted that the measures adopted point toward a better 1987. The motto should then be to return to private ownership and move toward rationalization, confronting all manner of vested interests, freeing the creative forces of the country and providing the clear image of a government that takes the bull by the horns. Otherwise, the Austral Plan runs the risk of being no more than the image of the government, in the sense that what is tested in 1986 is, in the final instance, its ability to govern.

11,464

CSO: 3348/212

ARGENTINA

ENERGY UNDERSECRETARY LAPENA ON OIL POLICY OBJECTIVES

Cordoba LA VOZ DEL INTERIOR in Spanish 3 Nov 85 p 4

[Text] The nation's energy undersecretary, engineer Jorge Lapena, reaffirmed that "the fundamental objective of the national government's oil policy is to increase the production of this hydrocarbon and produce exportable surpluses that would generate foreign currency for the country."

He made this statement during a press conference held in Santa Rosa de la Pampa, where he discussed the subject of petroleum contracts.

The high government official emphasized that the search is on for a way to increase the reserves of hydrocarbons, which are inadequate at the present time, and that for this purpose the government worked out a contractual model based on an aggressive policy of direct action.

"In this regard," he added, "the course of action will be simple. The first stage of exploration will be carried out in regions where the YPF [Government Oil Deposits] is not involved. The company will explore at its own risk and if it finds oil, this will be developed and handed over to the YPF at a price of 70 to 80 percent of an equivalent value. It will also deliver any gas it extracts at the mouth of the gas pipeline and will receive 10 percent of an index value of the oil."

At some point during the press conference engineer Lapena talked about other subjects in his field, such as the use of gas in transportation, pointing out that this constitutes a challenge and that the YPF already foresees doing feasibility studies on this matter.

He also talked about nuclear energy, calling it the energy of the future, of which Argentina will have to take advantage, and about gas exportation. Regarding this last point, he stressed the work being done by a joint Argentine-Chilean commission to reach from San Rafael (Mendoza) to Chile with an interconnection of gas pipelines and the possibility of exporting gas to Brazil.

Asked about the YPF situation, he said that it has not yet attained the economic-financial performance level required but he seemed confident that it would reach its "peak performance" after having received the company in a

state of high indebtedness [as published]. Lapena pointed out that "the success of the government's energy policy depends in large measure on the proper functioning of the YPF."

For his part, Conrado Storani maintained in Rio Gallegos that solutions are being sought for the state coal industry, "because its present mode of operation is unsustainable."

"We hope to make the announcement of a very important company that will contribute initially \$255 million and later the remainder necessary to reach a production of 1.5 million tons."

He indicated that "if this should materialize, we would achieve an extraordinary development for the Rio Turbio region, which would change not only that region but also a large part of the province of Santa Cruz."

Finally, the energy secretary said that "the project involving a line of nitrogen-based fertilizers made from natural gas from Puerto Loyola (40 kilometers from Rio Gallegos) has the approval of President Alfonsin and now depends only on the investors."

9907
CSO:3348/189

ARGENTINA

PALMAR LARGO OIL DEPOSITS REPORT RECORD PRODUCTION

Buenos Aires LA PRENSA in Spanish 8 Nov 85 p 14

[Text] The enterprise Government Oil Deposits (YPF) announced that there are three wells in operation in the Palma Largo oil field, which made it possible to reach maximum production in September with a total of 1,039 cubic meters daily.

On the other hand, the Norte field reached its highest yield of the last 9 years with a daily average of over 3,000 cubic meters of dry petroleum extracted by the management, in addition to around 240 cubic meters produced in areas developed through contract.

This production level was reached only 20 months after the discovery of the Palmar Largo oil field, the most important one in the province of Formosa, which is in being developed and delimited through exploitation and exploration.

The YPF North administration has 60 producing wells, and on 30 September the 30 million cubic meters of oil accumulated through the entire productive history of the administration were surpassed.

The first drilling in Palmar Largo was completed on February 1984 and at the present time work has begun toward the completion of the drilling of the well designated as Palmar Largo 8 and that of Palmar Largo 9.

Also in the province of Formosa, 11 kilometers from Palmar Largo, at an open-well test carried out at the La Tigra X-1 well the presence of hydrocarbons was detected, which should be evaluated during future assay operations in order to determine the feasibility of development.

Furthermore, last 19 October, the well Vinalar Norte A.2 in the province of Salta started actual production with a daily yield of over 150 cubic meters from a productive horizon located at a depth of 4,000 meters, which, added to the Climaco zone, offers interesting prospects for the entire region located 80 kilometers east of Martinez del Tineo.

Three drilling teams operate in this area, and an oil pipeline was laid that collects the oil produced in Climaco, Vinalar and Guardian, transporting it to the railroad loading station, whence it empties into the distillery at Campo Duran.

ARGENTINA

ELMA TO UNDERGO REORGANIZATION

Buenos Aires LA PRENSA in Spanish 12 Nov 85 p 4

[Text] With the purpose of achieving greater business efficiency and allowing more energetic management, the administration of the Argentine Shipping Lines, Inc. (ELMA) ordered the modification of the present organizational structure, which in the short run will determine a restructuring of its entire establishment, without ignoring the governamental resolution to maintain the source of jobs, and without producing massive layoffs, but achieving better performance and more efficient use of personnel.

To this effect, the company points out, a study is being conducted in order to achieve greater operational efficiency of the delegations abroad, keeping as a viable alternative the possible transfer of some of them from their physical locations.

Furthermore, the state shipowners administration will carry out a revision of the size of its fleet, which will have as an immediate effect a positive reduction of the operational costs, namely, costs of insurance, port fees, fuel and lubricants, pilotage and towing, careenage and repairs, among others.

Call For Bidding

During the course of the present month [November] a national and international auction will take place for the sale of the ships Almirante Stewart, Rio Corrientes, and Rio Parana, which will be sold without registry and will be moored. Regarding the ship Lago Lacar, it is said that the sale to a state entity has been completed.

In addition to what has been ordered, and until the final disposition is determined within the next 45 days, it has been decided to proceed with the mooring of the ships Rio Iguazu, Rio Abaucan, Rio Calingasta, Rio Los Sauces, Rio Marapa, Rio Neuquen and Rio Pilcomayo.

On the other hand, the state shipowners administration ordered that two ships type "ELMA III" and the two Freedom ("Cordoba" and "La Pampa") be kept temporarily moored, ready to sail with reduced crew and as reserve units.

All the measures mentioned were taken, according to reports, in accordance with the policy established by the national government of improving commercial output, which reverts to the ELMA as the state organization of shipowners.

It is also said that special care has been taken not to affect the crews aboard the ships that will be sold or moored. And the reasonable concern that measures of this nature can bring is evident. In this regard it is emphasized that the decisions taken will not affect the present jobs of the crews and administrative personnel, inasmuch as all of the labor relations that connect them with the company will be preserved.

Finally the ELMA organization reports to the public that the decisions in question were immediately made known to the representatives of the Coordinator of Maritime Unions, who conveyed to the company management their agreement with the established measures.

9907

CSO:3348/189

ARGENTINA

BRIEFS

NEW SECRETARIES--The executive branch this afternoon, issued Decree No. 2452 creating the Secretariat for the Control of Public Enterprise, which will be headed by Marcelo Kiguel, a business administration graduate. This decree was issued along with Decree No. 2453 naming Kiguel the head of the new secretariat with the title of executive board chairman of the General Superintendency of Public Enterprises [Sindicatura General de Empresas Publicas--Sigep]. In other decrees, Jorge Roman Eustondo Economy Ministry Regional Development undersecretary, and Jose Armando Varo Figueroa Labor and Social Security Ministry administrative technical and coordination undersecretary. [Excerpts] [Buenos Aires NOTICIAS ARGENTINAS in Spanish 2135 GMT 27 Dec 85] /12913

TALKS HELD IN MOSCOW--Moscow, 19 Dec (TELAM-DAN) [as received]--Buenos Aires Province Governor Alejandro Armendariz today began a series of important contacts in Moscow. He met with the chairman of the Executive Committee of the Moscow City Soviet (Mayor) Vladimir Promyslov, and officials of the Russian Soviet Federated Republic. They discussed the significance of the 100 years of Argentine-Russian relations, and Armendariz emphasized Soviet support for Argentina during the conflict with Great Britain over the Malvinas. Also discussed were the scheduled visits to the USSR of Foreign Minister Dante Caputo in January 1986 and of President Raul Alfonsin, who is expected in Moscow by mid-1986. In the field of trade, the activities of the Buenos Aires governor were focused on the agreement for the delivery of turbines to be used in the Bahia Blanca thermoelectric plant, which should be in operation by 1987. Special emphasis was placed on the possibility that Soviet industry will provide the elements for the installation of three substations of this plant. The governor also showed interest in buying goods for the two petrochemical plants planned in the provincial towns of Ensenada and Bahia Blanca. A meeting is planned for tomorrow between the visiting governor and USSR Foreign Trade Deputy Minister Anastas Manzhulo. [Text] [Buenos Aires TELAM in Spanish 0031 GMT 20 Dec 85 PY] /12913

PRESIDENT'S MEET--Argentine President Raul Alfonsin met in Buenos Aires with Hector Rodriguez Llopart, president of the National Bank of Cuba, with whom he discussed bilateral relations and Latin American affairs. Rodriguez Llopart, who is on an official visit to Argentina, will meet on Monday with various officials of the governing Radical Civic Union Party. [Text] [Havana International Service in Spanish 0000 GMT 23 Dec 85 PA] /12913

LABOR MINISTER VISITS CONGRESS--Buenos Aires, 3 Jan [TELAM]--FRG Labor and Social Affairs Minister Norbert Blum today said that the government-union-business combination will play a very important role in solving the problems of a nation. The FRG minister made this statement at Congress today, where he met Radical Deputy Ricardo Terrile, who has just been appointed Labor Committee chairman, and Deputies Tulio Bernasconi (Radical Civic Union) and Nextor Perl (Renewal faction of the Justicialist Party). Blum said that his visit should be regarded as another expression of FRG support for the Argentine democracy. He also praised the fact that Argentina is no longer on the list of countries in which torture is practiced. The FRG minister talked with the lawmakers about the meeting he held with his Argentine counterpart Hugo Barrionuevo. He said that they agreed on the need for free and independent unions. The visitor explained to the deputies the cooperative structure of FRG political life, pointing out that this system helps solve the problems with the participation of the government, the unions, and the business sector. He concluded by reiterating that this combination is the most important factor for solving the problems of a country. [Text] [Buenos Aires TELAM in Spanish 2314 GMT 3 Jan 86 PY] /12913

NEW SUBMARINE--Eidem, FRG, 21 Dec (TELAM-EFE)--The submarine San Juan, built by the Thyssenindustrial shipyards, today departed for Argentina, where it will be incorporated into the Navy. It is a 1,800 ton submarine that can cruise at up to 24 nautical miles per hour underwater and dive to a depth of 270 meters. [Summary] [Buenos Aires TELAM in Spanish 2015 GMT 21 Dec 85 PY] /12913

CSO: 3348/342

BOLIVIA

FLOODS LEAVE 50,000 HOMELESS IN LA PAZ, COCHABAMBA

PY081640 Madrid EFE in Spanish 2221 GMT 7 Jan 86

[By Amanda Davila]

[Text] La Paz, 7 Jan (EFE)--Civil defense has reported that as a result of the floods Bolivia has experienced in the past few days, there are 50,000 homeless. There is also danger of epidemic.

Paramedics have been sent by the Health Ministry to the disaster area to implement an emergency program to prevent the outbreak of epidemics.

Deputy Health Minister Manuel Nacif Issa has noted that the government has requested the World Health Organization and the Panamerican Health Service to donate medicines and vaccine.

The torrential rains that fell in Bolivia from 4 January to 6 January have caused the overflow of several rivers and the flooding of several peasant communities in the high plateau area and in Cochabamba valleys. In the Cochabamba Valley, peasants lost their homes, harvests, and livestock; while in the high plateau region over 800 peasant families are homeless.

The deputy health minister noted that although the rains have ceased the danger is even greater now and it is feared that there may be an outbreak of epidemics because of the corpses of animals in the flood water.

A civil defense report notes that in Mizque, thousands of peasants fled to the hills where they have been since 4 January without food or water.

Requests have been made for medicines, provisions, and tents so that thousands of families may be fed and sheltered.

Cochabamba and La Paz departments have been declared national emergency areas by the government. Civil defense has reported that rescue operations are slow and difficult. It added that some areas are virtually inaccessible since the water covers entire towns, trees, and small hills.

Economic losses are enormous although they have not been established yet. Thousands of head of livestock and thousands of hectares of cultivated land have been lost.

Hundreds of peasants sought refuge in the hills and were able to save their lives. The peasants are being aided by Air Force helicopters transporting provisions.

Access roads to the city of Cochabamba and some access roads to La Paz have been closed because of the landslides resulting from the rains. A landslide on one of the Cochabamba roads last night buried a bus killing 30 people.

The Bolivian Government has allotted \$10,000 to help those affected by the floods.

/9365

CSO: 3348/361

7 February 1986

BOLIVIA

MNR SUPPORTS CANCELLATION OF CHANNEL 11 LICENSE

PY101831 La Paz Cadena Panamericana in Spanish 1130 GMT 9 Jan 86

[Text] The Nationalist Revolutionary Movement [MNR] Press Committee a few hours ago expressed strong support for the ministers of communications and information for recovering the antennas of the state radio station. The committee issued the following communique:

In view of the smear campaign that representatives of Channel 11 of La Paz have launched in an attempt to prevent government officials from enforcing administrative measures according to their specific legal duties, the MNR National Press Committee informs the public and the MNR followers that it strongly supports the ministers of communications and information, the communications undersecretary, and the director of Radio Illimani, who have recovered the antennas and transmission unit of Radio Illimani. This crime, which involves usurpation of state property, is punishable by the penal law. In addition, in agreement with a multinational company that serves foreign interests, Channel 11 has introduced equipment and films into our country without authorization and in violation of existing regulations. Channel 11 also did everything to obtain an operation authorization at a time when the Movement of the Revolutionary Left regime was stepping down. This authorization was granted for political reasons through a resolution signed by the appropriate minister on 25 August 1985, without approval by the technical departments.

It is clearly necessary to set regulations and technical standards for the operation of television stations, for the benefit of the nation's culture and information network.

Therefore, the decision to cancel the operation license of Channel 11 is totally valid and deserves public support.

La Paz, 6 January 1986.

The document bears the signature of Carlos Ponce Sanjines, who is the president of the MNR Press Committee and also the MNR National Executive Board secretary.

/9365

CSO: 3348/361

BOLIVIA

BRIEFS

PESO CONTINUES TO COLLAPSE--La Paz, 10 Jan (AFP)--Reports here today indicated an increase in the dollar rate on the official currency market. Late this morning the rate reached 2,166,000 Bolivian pesos to the dollar. The previous rate was 1,865,000 pesos per dollar. The valuation of the dollar has thus increased by 301,000 pesos, and the fixation of the exchange rate is considered out of official control. The Central Bank official rate was established as part of the new economic policy, which attempted to control the dollar exchange rate by supply and demand. The bank's lack of resources, however, makes it impossible to officially supervise the parallel market, where the dollar rate today exceeded 2.5 million Bolivian pesos, an unprecedented rate. Last August, when the new exchange-rate system was implemented, the Central Bank set the U.S. currency exchange rate at 980,000 Bolivian pesos. [Text] [Paris AFP in Spanish 1352 GMT 10 Jan 86] /9365

CSO: 3348/361

CHILE

ARMY INTERVENTION SEEN IN 1989 ELECTIONS

PA110306 Mexico City UNOMASUNO in Spanish 6 Jan 86 p 18

[Editorial: "The Elections According to Pinochet"--words within slantlines published in italics]

[Text] A democratic appearance is sometimes akin to having a certain elegance. Frequently, dictatorships have to play this game in order to obtain the approval of those who know that it is only a game but who demand veils that hide the truth. If Pinochet does not make other provisions, this will happen in Chile in 3 more years. The worn out stratocracy, with generals out to get each other, has decided, under popular pressure, to hold presidential elections in 1989. In light of the statements made by the leader of the Independent Democratic Union Party, Maximiano Errazuriz--ideologist, adviser, and mind-shaper of top Chilean Government officials--before we even know the names of the presidential candidates we can proclaim that the announced electoral process is a victory of tyranny over liberty.

The party that Errazuriz represents believes that the democratic struggle is a matter of power and not of limits or free competition between political parties. Its objective, not yet revealed, is to perpetuate the dictatorship with or without Pinochet. There is no other way to explain his assertion that the Armed Forces will respect the /sovereign decision/ of the Chilean citizens "as long as the winner is democratic," and that if this is not the case, the Armed Forces "will intervene."

Who qualifies the /democrats/? Well, none other than the Constitutional Tribunal, a phantom body of legal appearance, whose members are presently appointed by Pinochet's dictatorship. This way, if the Chilean people opt for a change, the events themselves will lead to a choice between democracy or repression. The first choice would imply the defense at any cost of the free and secret vote, the second choice would imply continuity.

If we view democracy as the system that seeks liberty, political equality, and the participation of everyone with the capacity to influence and watch over the political decisions, we must conclude that we will not even be able to compare the /electoral/ event that will take place in Chile in 1989 to the caricatures of democracy--the plebiscitary acts to which Mussolini was so addicted--that took place in Europe during fascism. To say, like Errazuriz, that the military will act as a /referee/ between the players (the parties)

"in democracy's field of fair play" is a bad joke, but to say that they will intervene if "nondemocratic political sectors" try to take part in the elections is no joke. Therefore, no matter what happens, there is an unquestionable fact that can be derived from Errazuriz' statements: Once the dust sometimes produced by the elections has settled, the generals will see to it that the Chilean people will find themselves hopelessly living in their old repressive shadow for 3 more years.

/9365

CSO: 3348/365

CHILE

REACTION TO SENATOR EDWARD KENNEDY'S VISIT

PY111734 Santiago Domestic Service in Spanish 1630 GMT 10 Jan 86

[Excerpts] An AFP report stating that Senator Edward Kennedy's visit in the first of a series of visits by U.S. congressmen, who intend to accelerate the process towards full democracy, has caused indignation among Chilean political circles.

Federico Willoughby, leader of the Nationalist Movement [Movimiento de Accion Nacional--MAN] said the following about the AFP report:

[Begin recording] I think that the acceleration of a country's political process depends on a sovereign decision of that country so any other foreign intervention is useless. Decisions here are made by the people. Any other congress, such as the European Parliament has nothing to do with those decisions. It is good for foreign governments to be well-informed about our situation because it is with such countries that we trade and have large debts. However, this does not mean that they may intervene in our processes. The visits of foreign personalities are not important to us because they will not alter the institutional process. [end recording]

Manuel Contreras, leader of the Autonomous Organizations Bloc, said the following:

[Begin recording] Our party has received this AFP report on Senator Kennedy, this persona non grata with indignation. We, Chileans, do not need either a [word indistinct] or an international rector to tell us what we must do with our country, our rights, and government objectives.

We lament that some bad Chileans may be trying to use this visit for political reasons because it is not in keeping with the wishes of the Chilean silent majority. [end recording]

Luis Angel Santibanez, president of the Democratic Socialist Party, also spoke about Kennedy's visit:

[Begin recording] We do not need foreign help to normalize democracy in our country. What we do need is for society to help us by understanding the political reality Chile is experiencing. Chile is a country that needs to

arrive at a full democracy. However, if this is not going to be attained peacefully and if the current desire for revenge and revanchism persist, we prefer not to receive this accelerated solution, because it would have dreadful consequences for our national peace. [end recording]

Cesar Hidalgo, Nationalist leader and editor of a daily newspaper also expressed his opinion about the subject:

[Begin recording] It has already been proven that trying to direct Chilean politics by remote control is a terrible mistake. Only the Chileans themselves, the living forces of our country will be the ones to answer jointly and defend our national sovereignty and dignity. We must therefore be united in this issue disregarding ideologies or any other sort of differences. [end recording]

The Independent Democratic Union [UDI] issued a communique signed by its Secretary General Jaime Guzman which was read by Andres (Chadwick). Part of the communique says the following:

[Begin recording] What was just mentioned is only one of the most serious episodes of a long history of aggression by Senator Kennedy against Chile. He has even tried to prevent our country from receiving any U.S. and international financing organization's credits. Mr Kennedy was not content with repudiating the current Chilean Government by branding it as the most repressive government of Latin America and the world, but went as far as downplaying our country's liberation from communism in 1973 through a historical popular movement. Therefore, the UDI strongly repudiates the visit of Senator Kennedy to Chile and invites all Chileans who have a sentiment of national dignity to express their repudiation as soon as Mr Kennedy nears the national territory and during his stay in Chile. [end recording]

These have been the statements made to the Onda Noticiosa program by representatives of various organizations in the country, in reaction to the news dispatch that reported on the reasons behind the visit of U.S. Senator Edward Kennedy to Chile.

/9365

CSO: 3348/365

CHILE

UNIVERSITY OF SANTIAGO STUDENTS TO ELECT FROM 5 LISTS

Santiago CAUCE in Spanish 12 Nov 85 p 14

[Text] Following a long process of democratic struggle and at the cost of dozens of expulsions and punishments, some 13,000 students at the University of Santiago, the former UTE [State Technical University], are getting ready to elect their first Student Federation.

Five lists will be involved in the election to be held on 20 and 21 November. They include six candidates and are "open," meaning that the candidate with the most votes will occupy the position as president.

List 1, the Humanist List: Patricio Hube, Marilen Cabrera, Andres Munoz, Jessica Osorio, Miguel Palma and Ricardo Sandoval.

List 2, the Antidictatorial and Socialist List: It has the support of the Trotskyites and is made up of Anton Ziller, Cesar Barahona, Estanislao Varas, Ivonne Cortes, Mariel Gonzalez and Juan Flores.

List 3, the University Unity List: It is a conglomerate of rightist groups ranging from the nationals to the MUN [National Unity Movement]. Its candidates are: Shigaru Otsu, Fernando Gonzalez, Granz Busch, Luis Valenzuela, Eduardo Garrido and Fernando Gualda.

List 4, the Unity Without Exclusion Against Intervention List: It includes independents and sectors of the MDP [expansion unknown] such as the Miguel Enriquez Rebel Youth and the Socialist Youth of Chile. Its candidates are Patricio Alucema, Rene Miranda, Eduardo Luncumilla, Jorge Ortiz, Cesar Caneo and Marco Rivera.

List 5, the Unitarian Accord Against Intervention List: It is made up of MDP parties, the Christian Left (IC) and Christian Democracy, a sector that demanded half of the posts and exclusion of the MIR [Movement of the Revolutionary Left]. Its candidates are: Mario Martinez, Jorge Leiva and Luis Renjigo (DC), Cristian Berrios and Patricio Cannobbio (MDP) and Angelica Gonzalez (IC).

Against the Rector

We talked with representatives of three of the lists with the greatest possibility of winning, based on their base of support among students. The three,

including the one from the right, came out against the system of delegated rectors.

Cristian Berrios, from List 5, said: "We hope to democratize the university and this depends on democratizing all its estates. The military rector has to go. We must dismantle the repressive apparatus (there are 150 blue guards) and make sure that such resources concentrate on university affairs."

Patricio Alucema, from List 4, said: "The democratization of our university will be achieved through participation and unity without exclusions or black-mail, such as that used by the Christian Democrats to demand three posts without adequate representativeness. We demand differentiated union dues and the university card for everyone."

Shigaru Otsu, from List 3, who was a leader designated by the rectory, said: "The existence of the delegated rectors is an outdated phase." Otsu defined himself as a "unionist."

11,464

CSO: 3348/237

7 February 1986

CHILE

CORFO AFFILIATE SALES SAID INCURRING MILLIONS IN LOSSES

Santiago CAUCE in Spanish 12 Nov 85 pp 22-23

[Interview with attorney Hernan Bosselin, by Marcia Pineda; date and place not given]

[Text] If the policy of selling shares in CORFO [Production Development Corporation] enterprises should continue at the price now quoted on the Stock Exchange, where shares in all businesses are being sold under their value because of the recession, the government stands to lose 97.9 billion pesos (\$542 million). Concerned, attorney Hernan Bosselin comments: "With that sum, you could hire a million Chileans as part of the POJH [Employment Program for Heads of Household]." And he rightly complains of the lack of interest in communications media in delving into and stimulating questions about this operation initiated by the regime, one that affects all Chileans.

Along with other attorneys and trade union leaders, including Ramon Briones, Carlos Dupre and Jose Ruiz di Giorgio (today imprisoned and on a hunger strike over the unjust measure), Bosselin recently presented a petition to the vice president of the Development Corporation, Brig Gen Fernando Hormazabal, asking, among other things, for a cessation of the sale of shares in CHILECTRA [Chilean Electric Company, Ltd.], CAP [Pacific Steel Company], ENTEL [National Telecommunications Enterprise], ENDESA [National Electric Power, Inc.], SOQUIMICH [Chilean Chemical and Mining Association], ENAEX [National Explosives Enterprise] and Chilean Laboratories. Aside from the losses the sales would signify for the government, they have noted the danger implied by the meddling of economic groups in the government apparatus. CAUCE wished to learn more about the subject and for that purpose, talked at length with Bosselin.

[Question] What is the purpose of the sale of these enterprises?

[Answer] We have the impression that there are two objectives. On the one hand, there is an ideological motivation in the sense of going back to ultra-liberal policies, enabling financial groups, meaning the economic right, to be rearticulated. The measure is therefore aimed at producing a greater concentration of wealth, ownership and power in a few hands.

In order to justify the measure, the authorities have argued that through this strategy, one would produce the decentralization of power and thus help found

an eventual democracy. The fact is that this will not come about because there is economic proof that it cannot. The people cannot buy shares because they are earning miserable wages. Based on the government's own statistics, 90 percent of all Chileans earn under 60,000 pesos. Some 60 percent earn under 20,000 pesos. They could scarcely hope to buy shares when they earn only enough to eat.

The other purpose we see is the obtention of resources. They say that through this procedure, they will obtain resources for new investments. What are the projects? No one knows of any. The truth is that we have the impression that it is a question of financing the existing fiscal deficit in order to comply with the international commitments imposed by the International Monetary Fund.

Millions in Losses

[Question] What is the main objection you have to the policy of sales already undertaken by the government?

[Answer] Aside from objecting to the very sale of the enterprises, there are also objections to the way in which the policy is being implemented. CHILECTRA Generation has a book value (real value) of 2,243 pesos per share. The closing price on the Stock Exchange, meaning the price at which the first packages are being sold, is 935 pesos. This means that shares are being sold at only 41 percent of their book value. In other words, for every share sold, they are losing 1,592 pesos. If this is projected to the number of shares that are to be sold (4.65 million, equivalent to 30 percent of the total), the loss will be 7.4 billion pesos. And this is only one operation.

For its part, CHILECTRA Metropolitan has already begun to be sold. A great deal of noise was made about its being sold to the very workers in the enterprise, but they obtained only 6.6 percent of the shares. For every share sold (at 819 pesos), they lost 1,424 pesos. If you figure out the cost of 741,000 shares purchased, they lost approximately 1 billion pesos.

[Question] But those workers are now the owners of part of their enterprise. That sounds very beneficial for them, do you not think?

[Answer] The workers were able to buy by using their compensation for years of service and the amount they bought is very small. What they have will not allow them to manage the company or intervene in the policies implemented.

Actually, the sale is the work of an operation that makes it possible to conceal the access of financial groups to these national enterprises. They are going to be the real buyers. General Hormazabal already said it in his instructions issued in August: This measure is essentially aimed at purchases by pension fund administrators and these mainly belong to financial groups. There is another publicity operation involved in this because it is said that the pension fund administrators (AFP) are going to buy and as a result, the workers, who are the ones who have funds deposited with which the purchases are made. But it turns out that the ones administering those funds are the AFP companies and affiliates do not have the slightest intervention in them.

[Question] If these enterprises sell only 30 percent of their shares and part of that percentage is bought by the workers in each enterprise, then what do the economic groups gain? Do they have the right to impose policies on the enterprises?

[Answer] They have all the rights which directors of limited liability companies have. They will intervene directly in the policies implemented, in management and administration. The figure of 20 or more percent is an extremely important percentage and means very great power. Aside from the fact that they are going to watch over their interests and try to obtain the highest profits, these financial groups are going to get inside the government machinery. They will become a kind of enclave in the sector. Consequently, they will begin to participate in economic policies. They will know of them ahead of time and will be able to adapt or prepare their own deals in terms of what the state intends to do.

[Question] What is the purpose of the presentation to the minister and vice president of CORFO, asking him to postpone the sale of shares when the process had already begun and seemed well underway and confirmed?

[Answer] From the standpoint of political decisionmaking, it is underway and confirmed, but it has not been decided or resolved that the shares have to be sold at under their book value. It is a pending problem. They are applying a law, but they have to apply it correctly, sell at a price that will not hurt the treasury.

In addition, one aspect of the report presented to CORFO has to be very important for the economic authorities and it relates to the rulings pending relating to some pension fund administrators. They are civil and criminal cases that are before the courts. These cases can be won and if this happens, it would mean that the AFP have a financial problem. These companies finance their regular expenditures through commissions and a percentage of the so-called additional quotas (payment earmarked to finance the disability or orphan insurance. The insurance company contracted by an AFP has 1 percent cancelled and the administrators are charging 3. The difference is incorporated into the holdings of the AFP and not the pension fund.) If you take the additional percentage away from these companies, they will not be able to finance their spending and the AFP would become insolvent.

At the present time then, the efficiency of the pension fund administrators is being debated before the courts. As long as these cases are not settled, CORFO should not apply a policy whose purpose is precisely to sell to these companies.

11,464

CSO: 3348/237

CHILE

OFFICIAL ANNOUNCEMENTS SAID FAR FROM ECONOMIC REALITY

Santiago CAUCE in Spanish 12 Nov 85 p 21

[Article by Ricardo Lagos: "The Useless Years"]

[Text] Every minister of economy begins with a resounding statement that the country "is now on the move" and has returned to the path of economic growth. Until nearly 10 years ago, EL MERCURIO, with its customary seriousness, ran the headline that "the economic takeoff" had begun. Since that time, a captain general has announced that by the end of this decade, every Chilean would have a television set, car and house. But former Minister Modesto Collados recently presented a 3-Year Plan to the country whose conclusion we all know: absolute failure. In order not to break with tradition, Delano has now announced that the Chilean economy "has resumed its growth."

On every occasion, we economists have spelled out the inaccuracy of such statements and warned that the only thing this entails is propaganda in order to make Chileans believe that better days are ahead. But the economic reality is far from agreeing with official announcements.

The country has now learned the industrial production figures of the Manufacturing Development Company. With dramatic eloquence and coldness, they note the depth of the crisis in the industrial sector. In fact, industry has not grown at all in the past 12 years and production has dropped. From the industrial standpoint, these 12 years have been useless, insofar as Chile has never before failed to grow in that important sector.

Unfortunately, it is not only industry where these years have been useless economically speaking. They have also been useless in the rest of economic activities and as a result, we Chileans are now poorer than we were 12 years ago.

But not only have we not grown; in addition, we have had the honor of becoming the country with the highest per capita debt in Latin America, thanks to the frivolity with which the financial resources coming into the country have been managed. Thus it is that Buchi now has to go to Washington to back a private debt of \$6.1 billion, money neither he nor the country has any idea on what it what spent, but that we Chileans must pay back.

What has happened is that in the past 12 useless years -- which now catch us with a greater debt and increased poverty -- there has not been sufficient investment. Every society grows based on the investment process. All the rest is propaganda, naivete or ignorance. Investment over these 12 years has been an average of 50 percent lower than investment in Chile under a democratic administration. This is the fact and this is what is important to present and future generations of Chileans. There will be no future investment because neither the private sector, pushed into debt and expropriated by the financial oligarchy, nor the public sector, tied to IMF adjustment programs, is in a position to bear it. Nor can there be any foreign investment in the face of the lack of confidence in Chile. There will be no new credits because those extended are only to pay interest.

The futility of these 12 years is what has brought despair and the demand for change, but such change -- and the country knows this -- must go beyond a mere modification in the economic model or the latest declarations by the new minister of economy. We need a more far-reaching modification. It is seeking that modification that the country is now mobilizing, protesting and making demands. It is why the workers are asking that their leaders be free and that their demands be met. The government and certain new "independents" believe that proposing mobilization is favoring violence. They do not understand that this has to do with much deeper situations and that the role of political leadership is to channel the mobilization down the proper path. In the final analysis, after these 12 useless years, which are the cause of the social mobilization, we must embark upon an orderly path of democratic recovery.

11,464

CSO: 3348/237

CHILE

MINISTER OF ECONOMY SAYS WORST OF ECONOMIC CRISIS HAS PASSED

Santiago COSAS in Spanish 14 Nov 85 pp 87-89

[Interview with Minister of Economy Juan Carlos Delano, by Margarita Serrano; date and place not given]

[Text] When he was named minister of economy to replace Modesto Collados in July, the impact on public opinion was as great as it was on Juan Carlos Delano himself.

"I do not know why that appointed me, but it was somewhat overwhelming for me. I had never imagined that they might appoint me minister of economy."

[Question] But did you think they might name you to another post?

[Answer] They called me from the government to ask whether I would be willing to accept a post. I have always supported the government because I see good faith, hard work, but I also see mistakes, although very human ones. I have always felt committed and in debt to the Armed Forces for what they did for us. I was a trade union leader under the Popular Unity and therefore have a better memory than others of the dramatic events of that time. I answered that I would accept, although I knew the problems I might have after leaving my private business affairs. There was speculation concerning all kinds of posts and after 10 or 15 days, they offered me the ministry. I felt very flattered and ready to offer whatever I could contribute.

[Question] Is it possible to answer that one does not feel capable of occupying a specific post?

[Answer] While it is true that being capable or not is somewhat debatable because of the size of the ship we have, I have always thought that one's ability comes about with the help of people. You have to motivate those who work with us and it is then the team that does the work. Ability is the sum of all and I think I have the talent to choose the right people around me.

[Question] After nearly 4 months in the ministry, has it been possible to make the team coherent and function properly?

[Answer] Yes, it has been possible and that is what we have done. The main team is Hernan Buchi and myself. We talk everything over and see what we can

do to help. With the professionals from the Ministry of Economy, we form working committees.

[Question] You have no university degree. Is that a distinct disadvantage in forming a team with an economist with several graduate degrees?

[Answer] If it is a matter of discussing technical matters, I cannot call myself an economist because I am not one, but I understand all the subjects because I am always studying.

[Question] And what have your contributions been to the Chilean economic situation?

[Answer] I am directly committed to the study of the internal debt, with the laws that promote exports, the sale of public enterprises. The other thing I am trying to do is public relations. I travel the country opening companies. But basically, we are coordinated with Finance on everything.

[Question] Before you were appointed, there were always "technocrats" in the post. Does the fact that your background is that of a merchant who worked for 16 years in a family business and later became independent in your own distributorship for 8 years mean that your contribution will be more of a practical than a technical nature?

[Answer] It is good for the government to have both technocrats and men with practical experience in the field. While throughout life, one becomes more of an expert and the technocrats gain more practical experience, the mixture of the two things is important. I began at the bottom and had to go through many difficulties, which means that I have naked realities to contribute that the experts have not always gone through. For example, I believe that stability, long-term rules, trust and such fundamental things are not taught so much in the universities, and that life has taught me that where there is trust, things work.

Loosening the Belt

He is 44, has four children and a pretty, hard-working wife who now handles his business and who does not even bother him with the books on weekends in order not to give him more worries. He attended Saint George High School and enrolled in the Catholic University School of Economics, where he stayed only 1 year. He did not wish to continue his studies and went to the United States on a freighter, with very little money in his pockets. He stayed for several months working and went through some very hard times. Like so many other young people who as children have had everything, plus a hard-working father with great ambition, a family and a large company, what he wanted was to try to make it on his own. When he returned, with much greater wisdom than he had had when he left, his father asked him for the first time to work with him. He began as a helper and ended up as a manager, but he could not go further and thus set up his own company.

His public life began during the period of the Popular Unity. Thinking about how to protect the country against Marxism and not wishing to get involved in

politics, he decided to join the Professional Trade Union for Proprietors of Chilean Commercial Establishments (SIDECO). From there, he moved on to the Chamber of Commerce of Santiago and then the National Chamber of Commerce, which he came to head. From there, one of the branches of the Production and Commerce Confederation, he always appeared at the trade union meetings that in some way have always complained about economic policy. From that forum, as a young trade union vigorously defending the interests of his merchants, Delano overnight came to occupy an important Cabinet post.

It is very clear when he now admits that he feels responsible for letting himself be carried along by the economic boom and insists on criticism of the set, cheap dollar and the 10-percent tariffs so drastically lowered. But he has always supported that economic policy.

[Question] Well-known economists say that for the recession now being experienced by our economy, we still have very low tariffs and excessive imports, at a time when the country is suffering from a dramatic shortage of dollars.

[Answer] The figures show that that is not true. Imports this year have dropped sharply compared with the previous year and there is growing replacement of imports. The dollar has gone up since the devaluation of September of last year by 90 percent, while the IPC [consumer price index] has gone up 30 percent. This means that it is tremendously expensive to import. When they say that there is inflation of 30 percent, it means that wages have gone up 30 percent or less. Combined with the foregoing, the cost of producing domestically is advantageous today compared with importing.

[Question] And yet, in other Latin American countries with crises proportionately smaller than our own, there is not so much openness to imports.

[Answer] You have to evaluate how much we are talking about; the amounts are quite insignificant. For example, on a case of whiskey, which has the highest duties, there are already many sellers bottling in Chile, which adds Chilean work. Now then, the entire policy of the IMF and the World Bank -- which are helping us quite generously, because the country is not yet producing enough to pay its debt -- all that aid comes because they have faith in our long-term policies. If there were not the openness we now have, we would not have the help we do.

[Question] But we could have negotiated so as not to neglect domestic production. How can it be so important today to import what is not strictly necessary for Chilean production?

[Answer] If we did not have that openness, there would have been many companies in Chile that would become monopolies because they would not have any competition. With monopolies, you have to set prices in order to protect the public welfare. That is where the entire economic structure of government would change. We have to be open because if someone wants to engage in abuses internally, there must be someone to import and thereby regulate prices.

[Question] You said not long ago that we had already concluded the adjustment. Does that mean that we can now loosen our belts?

[Answer] All this year, the country's situation has been adjusted to what the country has. On the basis of that adjustment, we have managed to renegotiate the foreign debt, which was a real feat. Minister Buchi did not yield one bit, which enabled us to have extra resources. This last quarter, we have had the resources, there is more liquidity on the market, interest rates have dropped ostensibly and for that reason, from shall now begin to move forward.

[Question] And yet, the latest figures from the INE [National Institute of Statistics] show that unemployment is growing.

[Answer] That is true. But if you see previous years, that happens at this time. And yet, the number of jobs increased by 180,000 last year, which had not happened in previous years. Whatever the case, I do not want to minimize the problem. I fully share your concern and the problem alarms me. But we must not lose our heads and do things crazily. There are laws that have been passed and when they are put into effect, many jobs will result. The Irrigation Law has just been signed by the president and will provide work for 500,000 500,000 persons in the years ahead. This year, the new budget contains a subsidy of up to 75 percent for irrigation projects. There are concrete projects to irrigate valleys that now produce nothing and this would create more and more jobs. In 1986, there will be credits totaling \$650 million for the private sector. That is a fabulous sum for which businessmen themselves could opt. It is a matter of helping to develop projects that would be evaluated for their profitability.

Public Enterprises

[Question] At the present time, the topic of the sale of public enterprises is causing a great deal of talk. One has the impression that the country is being liquidated. Is there any restriction on the sale of enterprises that belong to the national patrimony?

[Answer] Many of the enterprises being sold had belonged to the private sector. The Telephone Company, CAP [Pacific Steel Company], for example, were private and did not belong to CORFO [Production Development Corporation]. Now we only want to sell off 30 percent of them. If an American company comes in with technology, machinery, investments worth hundreds of thousands of dollars that the Chilean Government does not have, then we will sell 30 percent of the Telephone Company to it. Chile will always have majority ownership in the enterprises.

[Question] The government is desperate to obtain fiscal resources in order to comply with the goals of reducing the fiscal deficit set by the International Monetary Fund.

[Answer] When you need resources, whether for investment or anything else, you ask for loans or produce. We have to see how we can optimize resources. If you can obtain resources through the sale of shares without compromising the

national patrimony, why not do it? What we need to do is to free resources in order to continue growing, in order to be able to invest. Whatever the case, all that we are doing is with our feet firmly planted on the ground, not desperately.

[Question] You say that there would be greater transparency in the handling of enterprises to the extent that private shareholders would be on the boards. But in the case of the sale of shares in the Bank of Chile and Santiago, some studies maintain that in practice, shares are being given away to the richest through tax reductions.

[Answer] There are cases in which, depending on the income of persons, special situations may exist. But for a person who earns a great deal, what one can buy as a result of people's capitalism is so little -- because the idea is that this should be for everyone -- that the payment of their taxes would not help very much. What is being sought is for there to be people's capitalism, for there to be large companies belonging to many Chileans. That is the only way to prevent what happened. We believe that if there are thousands of little shareholders, then they and all Chileans will be defending the right to private property. And that is a cost being paid for by the government with great courage. What would be easiest would be to sell all banks to foreigners who would pay in dollars, but we want companies such as the Bank of Chile to belong to all Chileans.

[Question] But the way chosen is too favorable for the wealthy. If a person earns over 250,000 pesos a month, he pays 5 percent of the total shares cash, which is later returned to him through a 20-percent drop in taxes. Many claim that they are being given away.

[Answer] If that were so, then why aren't they lining up to buy? The sales are taking place in a reasonable manner. That person earning that amount has the possibility of buying only once. We are trying to see that everyone does so and it is those who earn under 55,000 pesos and who do not pay taxes are the majority. It is the poorest people who are being helped in this situation of poverty afflicting the country. It is far from the spirit of the government to help the rich.

[Question] But in practice....

[Answer] The concrete case that you suggest should be studied. I know that it is very advantageous and being studied, but from there to seeing a person who earns over 250,000 pesos not pay anything for the shares is something else. We would have to do the calculations.

Prices in Crisis

[Question] It is also very far from the spirit of the government to have 80 percent of the economy dependent on the government, either directly or indirectly.

[Answer] You are contradicting yourself with that business about helping or not helping the rich. The percentage -- which I do not believe is 80 percent --

which is in a precarious situation is precisely because the rich lost their property. They have the most complicated situation. Not only did they lose their money, but also that earned by their families over generations.

[Question] But the important thing is that at the present time, the economic power of the government is greater than what the Popular Unity had in 1973. And at that time, you were in the Professional Trade Union and there were so many organized proprietors who felt they had lost everything.

[Answer] One of the things that I was asked when I accepted this post was to put an end to the "strange" area, as they called it. I would dare to say that the country is going to change a great deal over the coming 10 months. There will be no "strange" area.

[Question] Then it is true that because of a problem of image, confronted with the Chilean people and the IMF, you are desperately returning enterprises to the private sector.

[Answer] Desperately, no. I am never desperate and I am in charge of that.

[Question] Do you not think you are giving the government enterprises away, including the intervened banks?

[Answer] Find me one person who will pay more. Things are worth what people are willing to pay.

[Question] The criticism of some is that public enterprises are being sold that were built with the money and efforts of all Chileans, at a time of crisis when the market offers so little.

[Answer] If you sell something, it is because you need the money. If you have a car but no money to eat, you have to sell the car and you will not wait 2 years because you will starve in that amount of time. Furthermore, that money will create wealth. I will give you an example: At the present time, Arauco Cellulose has a project accepted by the World Bank which would mean expanding the plant with an immediate investment of some \$350 million. The World Bank has told me that as long as the ownership of Arauco Cellulose is not resolved, they will not lend the money.

[Question] So for that reason, you have to sell COPEC [Chilean Oil Company] at 60 percent of its book value?

[Answer] If we sell COPEC at a given price, they say that we are giving it away, but there is no one who will pay more and Arauco Cellulose cannot get those millions because COPEC will not then be sold.

[Question] But the loss from that liquidation of enterprises is being paid by all of us.

[Answer] If we do not take it, we shall fail to generate other wealth that provide work and that in time will make up the difference that we might apparently be losing with COPEC.

[Question] A group of socialist economists says that the government's haste to return businesses to the private sector results from the fact that it does not want to have a democracy with a powerful state.

[Answer] I am just as pro-government as any Chilean can be. I am a private businessman and I seek the common good. It seems sensible that if we sell something today, we should begin to produce wealth because the man who buys will operate the company as he should in the world today. The enterprises are stagnant because they are in the grey area: They have no investments; they are just waiting. Private enterprise basically goes after markets, financing and begins to create wealth. We are therefore trying to associate ourselves with people with greater ability to administrate than the government.

[Question] CORFO also liquidated enterprises in 1975 and distributed them among a handful of people, finally losing them and making the entire country bear the loss. Is something being done to avoid repeating history?

[Answer] The government has improved control through the superintendencies. There is no risk of concentration in the productive enterprises because if it happens, it is done with our own resources. If they had told Henry Ford that he had to come to that point because he could go no further, then he surely would have done nothing. Today we have a lack of investment in productive enterprises. Everyone is investing in production.

[Question] But investment in Chile is extremely low.

[Answer] Policies have to be long-range. When you reach a September 1984, when there was a devaluation and increase in tariffs of that amount, then foreign investors are being told that there is no stability. Policies have to be long-term and I can understand that without being an economist. Confidence is fundamental.

[Question] And is there confidence in the Chilean economy?

[Answer] More and more.

[Question] That should result in investments and the Chilean people are investing nothing.

[Answer] It is beginning. I just went to Puerto Chacabuco to open a fishery with \$3 million in Chilean capital. The people are buying fewer and fewer dollars. You have to see the price of the black market dollar to see that those who are investing in dollars are getting a very bad deal. The most ignorant person knows that we will not devalue for at least a very long year. Today, even the development unit is stronger than the dollar. Here all the elements are being provided so that the people will invest. From now on, we will see how sales of industry and agriculture grow. Let us speak in 2 years, when the figures will be a fact.

7 February 1986

CHILE

BRIEFS

POLICE TEARGAS DOCTORS--Carabineros troops have used watercannons and tear gas grenades to break up an unauthorized march in the area of Providence Avenue and Salvador Street. The march was staged by a group of doctors who were expressing their support for Dr (Ricardo Vacarezza), whose contact with El Salvador Hospital was not extended. The doctors were also protesting the new health law. No injuries were reported. [Text] [Santiago Domestic Service in Spanish 1000 GMT 11 Jan 86] /9365

CSO: 3348/365

COLOMBIA

CONSERVATIVE'S SPEECH EMPHASIZES DEVELOPMENT, SECURITY

Bogota EL TIEMPO in Spanish 1 Dec 85 p 8-C

[Article by Roberto Pombo]

[Text] In addition to the technical light and sound show during the conservative convention, the electronic screens and the visual spectacle in the Republican Party's style, that convention also launched Alvaro Gomez as its official presidential candidate. In his speech, he outlined the standards by which he would govern the nation if elected president. What did the conservative candidate promise?

The conservative candidate began his speech with an energetic defense of his party, citing it as one of the oldest in the west. He asserted that conservatism "has created our democratic system, the most admirable and solid on the Latin American continent."

After praising his party's past and predicting a brilliant future for it, Gomez Hurtado spoke of conservatism's unification process, and extolled the two former presidents, whom he will have to oppose if he does attain the presidency: Misael Pastrana and Belisario Betancur.

Of Pastrana he said: "Misael Pastrana is a victorious figure. He led us to where we are now, facing a strong possibility of victory. He is the start of his party's line. Our behavior toward him must be tinged with gratitude." It is worth noting that it was former President Pastrana who selected Gomez as a conservative preliminary candidate.

Belisario's Country

He began his diagnosis of Colombia with praise of President Betancur (leaving the criticisms for his brother Enrique). "Those of us who are present here know that we hold in our hands a country that is changing, a yearning, critical, unsatisfied country. It is seeking its way. This is the country that Belisario Betancur awakened," said Gomez, and he spoke of what he termed the progressive attitude of the current administration.

The novel aspect of Alvaro Gomez's attitude is his defense of that progressive spirit of the Betancur administration, of which he said that "it has suffered from the impact of growing violence, but there is a drive which can not be halted."

If a candidate's acceptance speech is understood as that candidate's platform, the conservative hopeful will follow in the footsteps of the current president in the field of social programs: "It is our desire that the administrative work begun by Belisario Betancur mark the start of an era."

After the section of praise was concluded, the conservative candidate returned to two of the issues which have been his trademarks throughout his political career: development and security.

The Gomez Revolution

Gomez Hurtado spoke of larger investments, of "big numbers," of expanding markets, of a reconciliation between Colombian manufacturers and foreign markets; he turned over to industry the job of solving the problem of unemployment, pointed out the need for modern technology, and said that in order to make that leap forward, exporting our manufactured goods must become a national goal. He said all this, and promised it would happen in his administration. "Development is my revolution," he declared.

On the issue of agriculture he was more cautious, and he apparently spoke of the need for agrarian reform, if that is how his appeal to unite efforts "in order to achieve a new appropriation of land and an intensive use of water" can be interpreted.

For the conservative candidate, the secret of rural problems lies in allowing the peasant to earn profits. When that problem is solved, the solution of the others would begin. According to Gomez, rural areas are in a state of crisis, land is up for sale, farmers are not producing enough to supply the nation, agricultural production does not have adequate markets, and the rising costs that have been allowed do not even allow us to replace our food imports. "We have said that the peasant needs to earn a profit. That simple phrase is the slogan behind an entire policy."

Guerrillas

Gomez made the preceding comments as a formula for emerging from poverty; he then spoke of the peaceful behavior of the poor and found in this behavior a justification for opposing violence. The position of an eventual Gomez Hurtado administration in dealing with the guerrillas would certainly be radically different from that of President Betancur. "We have never betrayed the people's appeal, which they have repeated to us over such a long period

of time. We are not going to betray that appeal because there may be those who would like us to, claiming that because they bear arms, they represent the people. We do not recognize that form of representation. The people don't want it. It is usurpation."

On previous occasions the conservative candidate had answered questions about how he would deal with the problem of talking with the guerrillas by saying that when this administration ends, peace will have been restored to the nation. But if that were not to happen (and a number of events indicate that this will be the case), then a hard line will be the tonic to be expected from an Alvaro Gomez government. "I hear a cry from the people who are calling for security," said Gomez at the convention. "They have a right to be able to trust in human solidarity--to take back the streets--to return to the assumption that people are honest, which is precisely what is considered necessary for any civilization." This strong statement is in harmony with the no less striking campaign slogan: "Alvaro is saving this."

The other pillar of his government--or at least of his campaign--is the rescue of the justice system, on the grounds that the administration of justice is not a trade but a common good, "the most important of all public services."

Development, security, and justice seem to be the keys to the Alvaro Gomez campaign. In plain terms, this means trying to increase investment in industry and in agriculture, combatting terrorism, and modernizing the justice system. That is what he said in his speech accepting the nomination.

7679

CSO: 3348/278

COLOMBIA

LABOR UNIONS RESIST MINISTRY'S MINIMUM WAGE PROPOSAL

Bogota EL TIEMPO in Spanish 3 Dec 85 pp 1-A, 6-A

[Article by German Navarrete]

[Text] The following workers' groups--UTC [Colombia Workers Union], CGT [General Labor Confederation], CTC [Confederation of Workers of Colombia], CSTC [Colombian Workers Trade Union Confederation], Fenaltrase, Ultradec-UTC, and the retired workers--greeted the request of the minister of finance Hugo Palacios Mejia, like a real "cold shower." Palacios Mejia asked that the increase to be set by the National Salary Council for the present minimum wage of 13,557 pesos not exceed 10 percent for 1986.

The workers' main representatives to this council, which will be meeting for a month in order to set the new wage that will be in effect in Colombia starting on 1 January, energetically protested, and at one point it was thought that the union leaders would leave the area where the government, management, and workers are meeting.

The minister's statement that his proposals were not intended as "dogma," but rather as a basis for negotiating the new minimum wage percentage of increase, the mediation by the minister of labor, Jorge Carrillo Rojas, and the explanations of the chief spokesperson for the unions, Juan Martin Caicedo Ferrer, about the "boomerang" effects that wage increases have on unemployment, restored normality to the National Salary Council session, which tomorrow will resume deliberations, meeting 3 days a week.

Palacios Mejia, though, was emphatic in asking Colombians who have a job and a fixed salary to make a sacrifice to help the thousands of their fellow citizens who can not find jobs to feed themselves and support their children, as a salary increase exceeding what businesses can afford keeps businesses from creating the new jobs that are so desperately needed today.

Inflation Rate of 10 Percent

In support of his request to the union leaders who, starting tomorrow, will be negotiating the nation's new minimum wage with representatives of private industry and the government, Palacios Mejia made the following statement,

"At this time we must be most concerned about the plight of people who do not have jobs. Today Colombia has a very high unemployment rate, and we can not make a decision here that will keep those people, who today are without work, from finding jobs."

"If a very high salary level is set, then it is quite possible that people who do not have jobs now will never get jobs. That would be a real social tragedy for the nation--and what may be even more serious, they may turn to informal or casual labor, and so be deprived of any social security or other benefits."

"In order to determine the level of inflation, we have to keep a number of factors in mind."

1. "The behavior of prices last year, which rose 18.3 percent."
2. "The fact that inflation during the first 6 months of 1985 was artificial, abnormal, and caused by factors that are not permanent, such as the winter weather at the end of last year in the coffee-growing areas, and the freeze at the beginning of the year in the Bogota plains."
3. "Inflation during the second half of 1985, when prices fortunately behaved satisfactorily, as there were negative price increases during 2 months."

"Taking all these factors into account, the expected rate of inflation is 10 percent. Based on that, we must set a minimum wage that will not keep Colombians now seeking work from being able to find jobs in the future."

"The Basis Will Be DANE Statistics," Says Minister of Labor

Because of labor's concern expressed by spokespersons representing the trade unions, public employees, and retired persons, the minister of labor, Jorge Carrillo Rojas, made the following statement in response to questions raised by these leaders: Alvaro Ramirez Pinilla, Jose Corredor Nunez, Luis Angel Banguero, Juan Romero, Angelino Garzon, Aida Avella de Osorio, and Carlos Contreras:

"The National Salary Council will use DANE [National Administrative Department of Statistics] statistics as a basis for its discussions on setting the percentage for the increase in Colombia's minimum wage."

The director of DANE, Mauricio Ferro Calvo, told EL TIEMPO: "It seems impossible to me for inflation to be over 24 percent for 1985. That would mean that in December it would have to exceed 3 percent, which hasn't

happened at any time during the year." Unofficially, Ferro Calvo agreed with the press that at the end of the year the inflationary index might be between 22.5 and 23.5 percent.

Carlos Contreras, representing retired persons, asked that the decision that the salary increase for retirees go into effect on 2 January be rescinded, claiming that retired persons always receive an increase a year after it has been set. He agreed with Alvaro Ramirez Pinilla, president of the CGT, that the effective date for retired persons should be 31 December.

"An Increase, a Boomerang Hurting the Unemployed"

The chief spokesperson for the private sector at yesterday's National Salary Council session, Juan Martin Caicedo Ferrer, president of FENALCO [National Federation of Businessmen], warned that a salary hike exceeding the inflation rate "might create a boomerang that will not help the workers, but will act against their interests." He then explained:

"In Bogota in 1984, of the total number of unemployed, 72.5 percent of them had left jobs, that is, they had lost their job."

Of that percentage, the highest portion, according to type of occupation, came from commerce, with 23.5 percent. This means that nearly a fourth of the people who were without work came from the commercial sector.

The employment index in commerce showed a 1.67 percent decline during the January-July period, compared with the same period of the previous year.

Although the dates for earlier data do not coincide, we can say that in the commercial sector, during the first 7 months of this year, nearly 15,000 jobs were lost. This means, also quite approximately, that in 1985 just in the four largest cities alone, about 30,000 workers were left without jobs, a figure more than alarming from any point of view.

According to data cited by COYUNTURA ECONOMICA last October, between April 1984 and April 1985, total employment in the commercial sector (both "formal" establishments and informal trade) fell by about the same proportion mentioned earlier (between 1 and 1.5 percent).

This means that each year, in just four cities, we seem to be losing more than 20,000 jobs in the commercial sector. It is also worthwhile to emphasize that this alarming phenomenon is taking place in a sector that has traditionally been the "star" of the economy, in terms of generating jobs.

In closing, the minister of labor, Jorge Carrillo Rojas, corrected reports that there were disagreements within the government on the minimum wage, and said that "the best way will be for us to move forward in the process of

worker-management-government agreement, and in the end, to make a fair decision unanimously."

The National Salary Council will meet on Mondays, Wednesdays, and Fridays at the Gonzalo Jimenez de Quesada Convention Center in Bogota, from 0900 until noon.

7679

CSO: 3348/278

COLOMBIA

NATIONAL PAPER ENTERPRISE SEEN ON VERGE OF CLOSURE

Bogota EL TIEMPO in Spanish 2 Dec 85 pp 1-B, 5-B

[Article by Alberto Donadio]

[Text] Papelcol is a paper factory worth over 63 billion pesos, but in the company's Bogota headquarters, not a single sheet of paper could be found to write a letter.

Nor in the Cali office is there any stationery, any toilet paper, any coffee or sugar for that coffee: these items are being purchased with the funds that the employees are pooling together.

For this pool, the employees literally have to dig into their own pockets, because for the past three 2-week pay periods, Papelcol hasn't paid their salaries.

Communicating with the plant located in Caloto (Cauca), south of Cali, is impossible because its telephone service was cut off for nonpayment.

Nonetheless, 240 employees, most of whom are engineers and technicians, are still working without pay and are maintaining the equipment, said Hugo Millan Chicue, acting president of Papelcol.

But the people who earn a minimum wage can not wait any longer. Some of them are working 2 days a week harvesting soybeans in order to be able to buy food, and three at the plant. And there have been some minor equipment thefts.

The current crisis began early in 1984, at the time of the breakup of the Grancolombiano Group, Granfinanciera, the group's financial corporation, held 27 percent of the Papelcol stock, but with the departure of Jaime Michelsen Uribe as head of the conglomerate, it was unable to meet its capital payments. This caused the foreign partners (Manuel Isidro Tejedor, a Spanish industrialist, and Creusot Loire Enterprises, the French firm that supplied the equipment) to default on or delay their own payments, in turn causing the loans from a group of French banks led by the Banque de l'Union Europeenne to be frozen. Papelcol was to start producing paper in September 1984.

A year ago Papelcol stopped receiving new capital resources and began the process of refinancing, which was completed on 30 August 1985, with the signing in Paris of an agreement with the lending banks. The partners were to increase their own payments so that the banks would make new loans and release the loans which had been put on hold. With the signing of the agreement in Paris, it was thought that Papelcol could begin operating in September 1986, 2 years behind schedule.

But "then came the debate and everything came to a halt," said Millan Chicue.

A debate on alleged irregularities in the contract between Papelcol and its partner Isidro Tejedor (Isidro is the first surname) started in the Senate in early October, instigated by the senator from Antioquia, William Jaramillo Gomez.

At the same time, a report from the office of the comptroller general confirmed the criticisms made by Jaramillo Gomez on the alleged tax evasion on funds sent abroad and of income tax evasion on the part of Isidro Tejedor. He had set up some paper companies for the purpose of evading taxes, calculated at \$4.4 million.

Because of this debate, a Papelcol stockholders meeting was canceled, which was to have increased its capital as the step prior to fulfillment of the Paris agreement.

Finally, last Thursday the board of directors of the IFI [Industrial Development Institute], which is now the principal stockholder of Papelcol, with 34 percent, decided to proceed with the agreement, said a source who asked not to be identified.

Paris and the Jumbo Loan

In the previous meeting, according to another source who also requested anonymity, some members questioned the IFI's reasons for not respecting the agreement. There was talk of Isidro Tejedor's tax evasion, to which some members responded that this was a matter which concerned only the Spanish partner, and which should not affect Papelcol.

In reality, the government could not fail to carry out the agreement, said a confidential source. In the jumbo credit for \$1 billion which the government has been negotiating with private international banks for several months, there is a clause stipulating that if Colombia's banks do not participate, the other banks will also not participate. And the French banks made their participation contingent upon fulfillment of the Paris agreement.

The source indicated that the 30 August agreement was signed in compliance with this requirement on the part of the French banks, which otherwise would not take part in the jumbo credit arrangement.

The French banks could suffer losses if Papelcol closes. Initially they offered to finance \$200 of the \$301 million that the project then cost (now it costs \$385 million), and as they lacked the government's guarantee, they would be the plant's owners. In such a case, they would probably have to auction it off at a low price.

The French banks' interest in Papelcol's reactivation is such that in the jumbo credit agreement they requested that \$16 million be reserved to guarantee the payments that the IFI is to make.

In a letter written to President Betancur last week, the Papelcol employees asked that the fate of the factory be decided soon. The letter states that due to the higher costs incurred by the delay, the plant's profitability has declined to 12.8 percent in constant dollars, which would still be acceptable for such investors.

One of the people who signed the letter said that in his 4 years with the company, he has had to spend more time defending the project than managing it. Another Papelcol official said that last Thursday's EL TIEMPO editorial, which termed it outrageous that the investment might be lost, was the only voice speaking out in support that the paper company has received. The factory is now 80 percent ready.

Millan Chicue, the acting president of Papelcol, said that the project must be reactivated within 3 months at the latest, so that the partners will not lose their investment, and so that the firm can start to produce paper in early 1987. As the subcontractors have laid off the 1,800 workers who were working in Caloto, it would take at least 2 months to revive the contracts and rehire the personnel, said Millan Chicue.

7679

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7 February 1986

COLOMBIA

BRIEFS

DIPLOMATS TO THAILAND, SURINAME--The government has appointed Jose Jaime Nicholls Sanchez-Carnerera as the non-resident special and plenipotentiary ambassador from Colombia to the government of the republic of Suriname. This post had been vacant. It has also established a Colombian consulate in Bangkok, which will have jurisdiction throughout the entire territory of Thailand. It has appointed Maria Ximena Otero de Sheldon as the honorary consul of Colombia in this post. [Text] [Bogota EL TIEMPO in Spanish 1 Dec 85 p 8-C] 7679

CSO: 3348/278

CUBA

WEAKNESSES IN HIGH SCHOOL TEACHER TRAINING, SCIENCES DISCUSSED

Havana BOHEMIA in Spanish No 45, Nov 85 pp 60-61
[Article by Oscar F. Rego]

[Excerpts] The quality and the perfecting of the national educational system is the urgent concern of those who are in one way or another involved in the teaching-educational process. To raise quality to the same extent that education has developed in quantitative terms in our country in recent years, educational development events are being held. In this connection, an analysis of the work of the pre-university institutes, oriented and organized by the Ministry of Education, began as of the last school year. A first seminar was held, according to party reports, and the results were assessed. Now the second national seminar for the directors of these higher middle-level institutions has just been held, in a critical and analytical spirit to establish the progress made and the difficulties and shortcomings which need to be resolved--tasks in which the role of the directors is of the greatest importance.

This meeting of educators was held at the President Allende Pedagogical School, a national vanguard institution for 10 consecutive years.

First of all, the notable increase in the number of these centers should be mentioned. In 1958, during the last school year prior to the triumph of the revolution, the country had only 21 secondary educational institutions with an enrollment of only 37,000 students. Today there are 282 pre-university institutes, almost all of them with modern installations, where more than 166,000 students are studying. During the last school year, the quantitative promotion figures remained stable, the requirement being a score of at least 70 percent of the possible points on the final examinations.

"These results are the product of the implementation of measures to improve the quality of the teaching work and student efficiency, the minister said, although we still have to work to eliminate shortcomings, to overcome difficulties and to reach the desired quality levels. All of these are questions which were taken up at the earlier seminar and discussed again at this one."

And he went on to explain:

"In particular, the problems attacked again with new force have to do with the functions and role of the center directors and the situations which occur in the organization and control of such institutions. These include observance of the study programs and schedules, the low level or lack of demands made upon the students and lack of rigor in tests and examinations on the knowledge acquired, the practical work and demonstrations required in laboratories, and above all, the situation with regard to the level of scientific and professional training for teaching personnel, linked with inadequate methodological training, and the effect of this on the quality of the classes and on the teaching-educational process in general. It is true that we have made some advances, but it is entirely insufficient and we cannot be satisfied."

It was reported at the seminar that the various pedagogical studies being made and the massive tests being given of knowledge acquired, among other things, have revealed that there are shortcomings in the apprenticeship of students. These are basically evidenced in the assimilation of concepts on the formal level, without mastery of their possible applications. And the hackneyed problem of the difficulty encountered by the vast majority of the students in fully assimilating the content of such subjects as mathematics, physics, chemistry and biology was brought up again. There is no mastery of chemical calculations, for example, since the students do not reason properly. In biology they fail to master the basic studies of living systems, nor can they give a satisfactory explanation of the phenomena which occur in nature.

With respect to their native language, a subject extensively discussed already at the earlier seminar, substantial shortcomings were found in composition, grammatical agreement and spelling, as was poverty of ideas. It was explained that little progress has been made in this last subject, despite the instructions of the MINED [Ministry of Education] to the teachers about how to work to correct this situation, almost chronic for a large part of the student body. There is neglect on the part of the students, and the professors have not accepted that the responsibility for developing the means of expression, both oral and written, in the students, falls equally to all educators without exception, and not exclusively those who teach Spanish as a subject.

One of the problems discussed was the low level of teacher training, the limited experience of the teachers and the short time they remain in their posts. To this objective reality is added the lack of proper study habits. Not all of the teachers are devoting proper attention to this situation, despite the fact that it is a decisive factor in the quality of teaching. During this school year, there were on this level of education 3,821 teachers, 1,461 (38.23 percent) of whom are not certified, with the largest percentage teaching the subjects in the science field--44 percent in mathematics, 33 percent in physics, and 36 percent in chemistry.

5157

CSO: 3248/118

CUBA

WATER SHORTAGE PROMPTS RENEWED HEALTH WARNINGS

Havana GRANMA in Spanish 13 Nov 85 p 3

[Instructions by the Provincial Health Department]

[Text] In view of the difficulties which have occurred because of the intensive drought and the serious health problems resulting therefrom, the people must participate actively in the following activities.

1--Boiling water for family consumption for 10 minutes after boiling begins.

This must be done because with the reductions in the continuous supply of water to the people, home storage of it is necessary, often in containers which do not meet the necessary health conditions. Such storage practices involve the excessive handling of water, with the resulting deterioration in its healthful quality.

2--Proper handling of foodstuffs and their protection from flies, rats and cockroaches.

This is essential, since gastrointestinal ailments increase when the maintenance of individual and group hygiene becomes more difficult.

Foodstuffs are subject to contamination by microorganisms (microbes, bacteria, parasites) which multiply rapidly if proper handling is not observed or if they are not protected against contact with vectors (flies, cockroaches, etc.), since their customary attraction to all types of organic material (garbage, dirt, spittle, etc.) makes the contamination of foodstuffs likely when they come in contact with it.

3--Washing hands after using the toilet and before ingesting any foodstuffs.

The mechanism of contamination through dirty hands is very important in the transmission of intestinal diseases, because dirty hands and nails contain large quantities of microbes which can cause sickness.

4--Keeping water tanks and cisterns covered.

This should be done to prevent foreign matter from contaminating the water and to eliminate breeding areas for mosquitoes.

5--Keeping garbage containers covered and avoiding garbage elsewhere.

Flies, cockroaches and rats, as living organisms, need food and shelter, and garbage is the ideal medium. This is the medium for the importance of keeping containers firmly closed, so as to prevent these vectors from proliferating.

5157

CSO: 3248/118

CUBA

BRIEFS

PARTY SCHOOL DATA--Havana (AIN [National News Agency])--The Nico Lopez Higher Party School has in its 25 years of work seen more than 6,800 students graduate, 700 of them belonging to brotherly parties and organizations. This was announced yesterday by Antonio Diaz-Ruiz, rector of this educational center, during a press conference in which he announced the tasks of students and workers in connection with the 25th anniversary of the founding of the institution, which will be celebrated next 2 December. He said that at the end of this month, more than 300 students, mainly Latin Americans, will participate in a scientific event at which the subject to be discussed will include the Latin American foreign debt, the new international economic order, and the need for the economic integration of our countries. After noting that students from other political and ideological education centers in the country will participate in the meeting, he said that the first showing of a video on the history of the school, which was inaugurated by the commander in chief in 1960, will be held on 28 November. He added that on that day, a group of outstanding collaborators will be promoted to the rank of assistant professor, and he said that on 2 December, a monument to Nico Lopez will be dedicated. Antonio Diaz-Ruiz added that the faculty has been strengthened in recent years, now comprising 70 professors, of whom 11 are doctoral candidates are 15 others are in the various stages of preparation for achieving that level. In addition, there is a good number of teachers and aides, and the teaching experience in the social science subjects currently totals 10 to 15 years. He added that the school offers 15 postgraduate courses taught by professors at the school and from the Soviet Union, Bulgaria and the socialist countries. He said that this orientation will be further strengthened, along with the training of foreigners and higher-level courses for national cadres, in their respective provinces, basically, through the branches. [Text] [Havana GRANMA in Spanish 13 Nov 85 p 3] 5157

TECHNICAL TRAINING IN USSR--Moscow, 11 November--The number of specialties studied by Cuban scholarship students in the Soviet Union has gradually been increasing, and has now reached 306. Of these, 254 are taught at universities and higher-level establishments and 52 at secondary-level institutions. The bulk of the students are enrolled in the technical science specialties, consistent with the needs and interests of our country. This also reveals that the training of specialists in the USSR is ever increasingly meeting the requirements of Cuba's scientific and technological development. Of the 306 specialties, 216 fall within the technical science field, including many types

of engineering, GRANMA was told by the spokesman for the office representing our country's Ministry of Higher Education in Moscow. The balance of the specialties are distributed as follows: 34 in economic sciences, 11 in social and humanistic sciences, 10 each for exact and natural sciences, and art and sports, 9 in agricultural sciences and 3 in medical sciences. Concerning the students, it should be noted that the more than 8,000 scholarship students pursuing courses in half a hundred cities located in 10 of the Soviet republics, 5,658 are enrolled in specialties within the technical sciences, representing 67.77 percent of the total. Enrollment is as follows, in order of importance: 775 students in economic sciences, 677 in pedagogical sciences, 467 in exact and natural sciences, 422 in social and humanistic sciences, 230 in agricultural sciences, 80 in arts and sports and 40 in medical sciences. [By Jose Gabriel Guma] [Text] [Havana GRANMA in Spanish 13 Nov 85 p 5] 5157

CSO: 3248/118

ECUADOR

FEBRES CORDERO ON ECONOMIC POLICY, OTHER ISSUES

Quito EL COMERCIO in Spanish 21 Nov 85 p A-2

[Article by Miguel Rivadeneira]

[Text] Santo Domingo, 20 Nov--Ecuadoran President Leon Febres Cordero has defended his style of government and the policies he has implemented in his 15 months in government, while pointing out that the Ecuadoran economy has undeniably improved.

Febres Cordero gave a press conference at the foreign press correspondents club in Santo Domingo yesterday, which was addressed to Dominican newsmen and attended by Ecuadoran journalists.

The Ecuadoran chief of state dealt with matters of world, continental, Central American, South American interest, bilateral relations, and other topics.

Referring to his administration, he said that when any human being tries to break barriers, he has tremendous results. "My style and program of government have had a temporary political cost because when as they realize where we were headed and what we have done, they have gradually conceded that I was right," he said.

"To a certain extent," he added, "I was cut short because I wanted to go further. I have acted with much greater caution than the country required at the time," he emphasized.

Febres Cordero maintained that during the 15 months of his administration, the Ecuadoran economy has improved considerably. "It is not I who say this, but rather, the financial institutions, international organizations and the Ecuadoran people."

He said that in recent years, the most difficult economic crisis has occurred, during which we had no monetary reserves and no foreign exchange to import basic products. Trade was paralyzed, he said, and there was an absolute lack of confidence.

He explained that with his economic team, he designed the economic strategy, confronted the country's foreign debt and put the form of payment before the International Monetary Fund for consideration.

He added that the IMF accepted the proposals of his government for the economic construction of Ecuador, based on a program of fiscal austerity, austerity in public spending, monetary measures, elimination of the overvaluation of the national currency, control of inflation, credit benefiting productive sectors, elimination of political prices, coordination between the budget, development plan and the financial program of the Central Bank.

A policy of accumulation was created, he said, based on which in 3 months, the country recovered \$100 million and in 6 months, \$200 million.

He maintained that inflation projected in the country is on the order of 15 percent a year, which dropped from 60 percent. Monetary parity has been stabilized, unemployment has been reduced, jobs have been created and production has been revived amidst peace and social development.

Concerning the foreign debt, he recalled that during his visit to Brazil, he maintained the need for chiefs of state to meet without protocol, advisers, telex or telephones, in order to engage in dialogue and seek solutions. He proposed that the meeting be held in Galapagos.

He stated that it was not an official proposal, but that the idea had been accepted and ratified by the different Latin American chiefs of state.

He said that the amounts of the foreign debt of Latin American countries varies for each country and that the impact is on different levels. In spite of everything, he emphasized, we have to pay our debt.

He noted that the terms of the renegotiation of the foreign debt are not the best in the world, but that the debt contracted can be refinanced thereby.

He stressed that any effort made is and will be backed by the Ecuadoran Government and will have his personal support.

Referring to the Geneva summit conference, Febres Cordero said he hoped that the President of the United States, Ronald Reagan, and the head of the USSR, Mikhail Gorbachev, would reach an agreement on reducing arms, limiting and freezing the level of weapons so that there might be peace in this troubled world.

He said that the confrontation between the two main world powers has generated financial instability, which has harmed all countries, given rise to a worldwide inflationary process and caused an economic imbalance in all countries, especially the smaller ones.

Regarding the Central American problem, Febres Cordero said that he has discussed the problem with the presidents of Venezuela, Jaime Lusinchi, and the Dominican Republic, Salvador Jorge Blanco.

He reiterated that if there is no legitimate right of nations to universal self-determination of the Central American peoples, there will be no peace.

"What we said, causing the break with Nicaragua," he emphasized, "we would have said also within the Contadora group."

He expressed the hope that the Contadora countries would achieve what we are all seeking: peace, although he said that progress is slow.

Regarding terrorism, Febres Cordero said that it may be the product of social inequalities that unfortunately exist, but that it is now criminal, closely related to narcotics trafficking and headed by a shrewd handful of individuals seeking to get rich.

"The Ecuadoran Government naturally applies the constitution and the law, for which reason it will not negotiate with common criminals."

Concerning commercial relations with the Dominican Republic, he said that there are good possibilities and that on this matter, he has talked with his colleague Salvador Jorge Blanco.

He noted that trade could involve Ecuadoran oil and Dominican sugar. He was optimistic over trade prospects with the Dominican Republic. "I seek that on all my trips," he said.

Febres Cordero came out against intervention by the government in means of production. "One has the impression," he said, "that it is made not to operate or to work." He maintained that the government is a regulator, planner and guide. He said that he would accept subsidiary action by the state.

He noted that his plan, unique in Latin America, proposes the freezing of the government in economic activities.

Finally, in referring to current relations with Peru, he said that there are no problems, that both countries are making efforts to maintain relations at the highest level.

He emphasized the recent visit of the Peruvian foreign minister, Allan Wagner, to Quito, and said that a bilateral agreement is being drafted to develop the Rio Puyango-Tumbez basins.

11,464

CSO: 3348/248

ECUADOR

ARCHBISHOP OF QUITO ON EPISCOPAL CONFERENCE COMMUNIQUE

Guayaquil EL UNIVERSO in Spanish 28 Nov 85 p 5

[Text] Quito--Monsignor Antonio Gonzalez Zumarraga, archbishop of Quito, referring to the content and scope of the recent bulletin issued by the Ecuadoran Episcopal Conference concerning the country's social and economic situation, said that the document contains no challenge to the National Government in itself, but rather, questions the state of affairs occurring in our country in recent years.

In the face of growing concern, he said that a synod of bishops of the Catholic Church is now being held at the Vatican, attended by all presidents of the National Episcopal Conferences of the countries of the world "for the purpose of analyzing the action and renewal of the contemporary Church and thereby contribute to the solution of the grave problems afflicting mankind at the present time."

General Analysis

Monsignor Gonzalez Zumarraga added: "What the Ecuadoran Episcopal Conference says in the document recently approved and published throughout the country is that Ecuador is suffering the effects of institutional violence, meaning violence stemming from the existence of structures of domination and dependency. The new element is perhaps that Ecuador has also experienced outbreaks of subversive violence and, as a consequence of the foregoing, repressive violence may also be manifested in response. What is important about the document issued by the Ecuadoran Episcopal Conference regarding violence is the statement of the causes of that violence. It also suggests probable remedies for the evil and concerning those likely remedies, the document issues a summons for us to work so ensure more effective justice in all sector of the Ecuadoran people, for internal change in all persons so that we may overcome hatred and the tensions from which violence might spring."

Peace and Harmony

Finally, concerning another source of worry, Monsignor Gonzalez said:

"With respect to the alleged intention of accumulating the powers of government in a single function or person, the Ecuadoran Episcopal Conference has never

thought that in Ecuador, we might be in danger of losing this value of democratic coexistence, but it has been highly aware of certain manifestations of a tendency toward taking a certain amount of control over certain powers of government. Consequently, in the aforementioned document, the Ecuadoran Episcopal Conference notes its concern over certain frictions between the branches of government and therefore hopes, in order to guarantee democracy in Ecuador, that there will be true harmony between the branches of government so that they may efficiently perform the functions of their respective competency and jurisdiction."

11,464

CSO: 3348/248

ECUADOR

BRIEFS

PETROLEUM SALES CONTRACT--Quito--"With the renewal of the crude oil purchase-sales contract with Golden Bell of Korea for 9,000 barrels a day and the coming contracts with ENAP [National Petroleum Enterprise] of Chile and Chinese Petroleum of Nationalist China, the foreign marketing situation of Ecuadoran crude looks promising," said Carlos Romo Leroux, general manager of the Ecuadoran State Petroleum Corporation, CEPE. According to that official, on Wednesday, 20 November, a representative of Golden Bell of Korea arrived in our country for the purpose of renewing the purchase-sales contract for 9,000 barrels of Ecuadoran crude a day. Officials from the National Petroleum Enterprise of Chile arrived in the country on Saturday in order to analyze a crude oil contract and talk about possibilities of promoting agreements between the two national enterprises of Ecuador and Chile. By the end of this month, the manager of CEPE said, a delegation of officials is expected from Chinese Petroleum, coming to Ecuador to renew their contract with CEPE, and it is anticipated that the contract period will be increased from 2 to 3 years. With this background, Romo Leroux explained that at the present time, 130,000 barrels of Ecuadoran crude have been marketed in nine different long-term contracts, extending until September 1987. Korea is Ecuador's largest market and three companies in that country purchase a total of 57,000 barrels a day, corresponding to Stabyong, 20,000 to Lucy Goldstar and 12,000 barrels to Golden Bell. Some 36,000 barrels of crude are delivered to the United States a day based on contracts with Citgo International, Tricentros and Bomar Oil, with each receiving 12,000 a day. Nationalist China receives 15,000 barrels through Chinese Petroleum, with with the contract will soon be renewed for 3 years. Jamaica receives 12,000 barrels and the English Rescor, Inc., 10,000, making 130,000 barrels of crude exported a day. The general manager of CEPE said that foreign marketing of oil is part of the policy of delivering Ecuadoran crude based on long-term contracts ensuring a normal flow and permitting constant income for the national budget. [Text] [Guayaquil EL UNIVERSO in Spanish 25 Nov 85 p 5] 11,464

CSO: 3348/248

JAMAICA

STONE COMMENT ON GUYANA POLLS HITS U.S., AREA REGIMES

Kingston THE DAILY GLEANER in English 16 Dec 86 p 8

[Article by Carl Stone]

[Excerpts]

The regime in Guyana is typical of Third World political systems where governments stay in power without subjecting themselves to the acid test of fair and free elections.

The fact is that nobody cares about the rape of democracy in impoverished Guyana.

Grenada was invaded on the grounds of protecting democracy but as I have always insisted Guyana has always been the English-speaking Caribbean's front runner in the violation of political rights.

Communist Jagan

If there were a conservative pro-Reagan opposition in Guyana with a chance of winning a fair election and if the Guyanese were attempting to promote leftist radicalism regionwide, the U.S. might well have convinced some of its clients states in the region who seek to white wash the political atrocities in Guyana to rally behind the overthrow of the PNC. But since the alternative is the communist Jagan, the rape of democracy there is entirely ignored.

The U.S. of course has a right to pursue its narrow political self-interest and its self-serving view of geopolitics, but there is no excuse for the patent hypocrisy by which Caribbean leaders pay lip service to parliamentary democracy and ignore entirely

the political atrocities against every principle of freedom that have occurred in fascist Guyana.

The Guyanese state is organised around black racism and a commitment to exclude the Indian majority population from enjoying any real power. Those who governed have projected and verbalised a belief in socialism but what they have established there is a state based on parasitic self-enrichment by the political directorate and monumental corruption through state ownership and control over the means of production.

Degeneration

Guyana is a shining example of the total degeneration of socialist ideas and the conversion of socialist principles into corrupt fascist and authoritarian politics and public management. The country is indeed an embarrassment to the left.

What is sad is that so few of the left intelligentsia outside of Guyana have joined Guyanese Professor Clive Thomas in denouncing the authoritarianism and death of freedom which have been accompanied by outpourings of socialist rhetoric in Guyana.

Like the hypocritical political leaders in the region, the region's left intelligentsia (outside the Guyana) has also tried to sweep the embarrassment of backward authoritarian Guyana under the carpet.

Guyana has meaning for all of us. It is a political system where leaders are greedy for power but are

incapable of developing economic and social policies that work. Fascism becomes inevitable as a declining economy that is fast degenerating into a sort of Haitian-type concentration of poverty provides no basis on which leaders can get genuine support from a majority of voters. If one wants to stay in power, the only route is to steal it.

Corrupt elections

What the Guyanese leaders have understood (which the Grenadian radicals did not) is that one can get away with conducting corrupt elections provided you have elections and that the risk of regional political isolation is greater if you abandon elections entirely.

The reason quite simply is that democracy to the leaders in the region (including both U.S. and Caribbean leaders) has more to do with the ritual forms such as having elections and less to do with whether real freedoms exist. We as a Caribbean people must reject these superficial notions about democracy which induces U.S. spokesmen to define democratic authoritarian Central American republics that deny real political freedoms while organising election rituals in the name of democracy.

Guyana has meaning for all of us because there are other leaders in this region who, if given a chance, would stifle freedoms as has happened in Guyana in order to hold on to power.

Sorry fate

But we abandon the Guyanese people to a sorry fate when we issue statements of encouragement to the fascists who govern there. I am therefore shocked that Dominica's Mrs. Charles who constantly talks about democracy could have sent a message of congratulation to the PNC for stealing this election.

The task of believers in democracy outside of Guyana must be to condemn and isolate fascism there that has denied free speech, religious freedom, freedom of association, and the right of a people to choose a government freely and fairly.

We have yet to hear from Mr. Seaga or Mr. Manley on the situation in Guyana nor from the many organisations here who claim to support democracy.

Is it that we only have stomach to castigate fascism in white-ruled South Africa but don't have the guts to deal with it in the Caribbean where it is practised by black leaders?

Where is the voice of the church here in support of the church leaders whose rights and freedoms are being suppressed in Guyana?

Fascism in Guyana must be attacked and the fascist leaders there ostracised and isolated by all who believe in political freedom and parliamentary democracy. The Caricom headquarters must be removed to some place else where those who govern respect human rights or else we will justly earn the label of being hypocrites.

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CS0: 3298/268

JAMAICA

GOVERNMENT ABANDONS SYSTEM OF PRICE SUPPORTS FOR SUGAR

Kingston THE DAILY GLEANER in English 6 Dec 85 p 1

[Text]

The former guaranteed price system under which the cane farmers and sugar manufacturers operated has been abandoned by the Government, and the industry will now operate within a market system in which cane farmers and sugar manufacturers will receive the full returns from the sugar they produce and which is sold, less marketing expenses.

This was announced by Mr. Frank Downie, Chairman of the Sugar Industry Authority, when he addressed the annual general meeting of the West-end Cane Farmers' Association at the Savanina-la-mar Methodist Church Hall on Monday.

Mr. Downie said that the price would be determined by the SIA. He explained that a very careful look was presently being taken at the existing marketing practices in the SIA with a view to ensuring that the most efficient arrangements are put in place.

The SIA Chairman went on to say that the Jamaican sugar industry had set itself a global sugar production target of 240,000 tons of raw sugar annually, and that this production would be carried out in seven factories — three in public ownership (Frome, Monymusk and Long Pond) and four in private ownership (New Yarmouth, Worthy Park, Appleton

and Hampden). He said that the Frome factory was expected to make a major contribution to the achievement of the target since the plan which had been developed for that factory envisaged that its production would move from the present level of approximately 58,000 tons of 91,000 tons by 1991.

Mr. Downie also explained that because of a moving exchange rate it would be impossible to say at the start of the crop what the total payment to the industry would be for the particular crop year, as this was dependent on the exchange rate applicable to export receipts at the time when the sale was made. Ob-

viously, he said, any deterioration in the rate of exchange will increase the J\$ inflow from the sale, while any strengthening of the J\$ would produce the opposite result.

The total payment of \$1,530 per ton sugar announced for the 1984/85 crop was arrived at after the returns had come in from the sales of sugar to all markets, Mr. Downie explained.

New regulations had also been prepared providing stiffer penalties for poor quality material delivered to the factories as well as for incentives on the delivery of good quality material, he announced. The penalties will apply to farmers' as well as to estates' canes.

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CSO: 3298/268

JAMAICA

BRIEFS

PRC TRADE MISSION--Kingston, Monday (CANA)--A Chinese trade mission, headed by a vice Minister, Lu Xuejian, will visit Jamaica early next year to follow up proposals for the two countries to deepen trade and economic relations, Foreign Trade Minister, Hugh Shearer said. Shearer visited Peking in June and discussed the possibility of joint venture projects and barter arrangements with Chinese officials. The discussions will continue here with the Chinese team. Xuejian works in Peking's Ministry of Foreign Economic Relations and Trade. Shearer said the team would come early in the New Year but did not give a date. Details on the discussions have not been announced but in June Shearer said there had been agreement on "a number of specific matters" and that steps would be taken to bring them to fruition. [Text] [Port-of-Spain EXPRESS in English 31 Dec 85 p 29] /6091

TRADE DEFICIT--Kingston, Monday (CANA)--Jamaica's trade deficit widened by 38.8 per cent to reach \$436.5 million (U.S.) during the first nine months of this year compared with the same period in 1984, Central Bank figures show. The worsening trade balance was caused by a 20 per cent decline in the value of exports during the review period to \$456 million (U.S.). The trade deficit was \$314.5 million for the 1984 nine-month period. The fall in exports negated a 0.9 per cent or \$7.7 million reduction in imports, which between January and September amounted to \$892.5 million. But despite the deterioration in the balance of trade that helped to widen the current account deficit by \$100 million to 4308.8 [as published] million at the end of September, the accounts were showing an overall balance of payments surplus of \$107.2 million. "This improvement in reserves was achieved mainly by a reduction in the arrears of the (Central) Bank of Jamaica." [Text] [Port-of-Spain EXPRESS in English 31 Dec 85 p 29] /6091

CSO: 3298/268

NICARAGUA

KISAN LEADER ON OPPOSITION TO SANDINISTS

San José LA NACION (NICARAGUA HOY supplement) 9 Nov 85 pp 1C, 2C

[Interview with Jenelee Hodgson, founder of SICC and board member of KISAN, by Jose Luis Velázquez; date and place not specified]

[Text] The persecution and extermination of ethnic minorities is a constant in the policy of the Sandinist Front. Since 1979, there have been innumerable cases of violations of human rights, massive transfers, destruction of towns, imprisonment, and murders and an intensive campaign to indoctrinate the Nicaraguan Indians as part of a process of Marxist-Leninist transnational acculturation. All these procedures are part of the general strategy of the Managua regime--and its masters in Moscow and Havana--designed to assemble, transfer, and destroy the authentic expressions of Nicaraguan nationality.

The ethnic minorities in Nicaragua are more important than their number indicates due to the permanence of their traditions, customs, and culture. They have been the main target of the dictatorship. The Monimbo, the Creoles, the Miskitos, Sumos, and Ramas have all physically suffered the violence of totalitarianism which tries to dilute and dissipate their identities.

To give our readers a perspective of the struggle and the demands of the ethnic minorities, NICARAGUA HOY interviewed Jenelee Hodgson, leader of the Nicaraguan Creoles, founder of the SICC [Indigenous Creole Community of Southern Nicaragua] and member of the board of KISAN [Unity of the Native Peoples of Eastern Nicaragua].

Jenelee Hodgson, a human rights activist, was a victim of the repression unleashed by the military dictatorship of the Sandinist Front. She was a prisoner in the Chipote jail for 3 months, mistreated and tortured, because of the Bluefields uprising in September 1980.

[Question] Jenelee, can you explain to us how and when the SICC was formed and how you participated?

[Answer] I studied here in Costa Rica at the Latin American Biblical Seminary. There I became aware that I should do something for my Creole people. When I returned to Bluefields, I got a job in the Moravo school and began to work with the youths.

At that time, we held a seminar and decided to form UCOD [Unity for Community Development]. We analyzed the national problems with the youths and studied our cultural roots, a task that always turns political. We did not know that we were getting into hot water. At this time, the man in charge of the region for the Somoza Government, the mayor, summoned us to ask about our activities that were turning political. In 1977, we decided to change the name of the organization since it limited us to the community of Bluefields. A visit by some university students from Managua who contributed valuable ideas made us decide to expand it. We became the SICC instead of the UCOD, admitting the Ramas and Garifonas tribes.

[Question] How were you involved in the fight against the Somoza dictatorship?

[Answer] Everything expanded with the SICC. We had groups organized according to ages and sectors. The authorities again began to question our work, but they did not pressure us. The SICC group used its contacts with the Sandinist Front which sent emissaries to Bluefields. I was convinced that a change was necessary in Nicaragua, but we did not like the way the Sandinist Front came to power. The first thing they did was attack religion. We interpret what happens to us in life from a religious point of view.

I gave these young emissaries from the Sandinist Front a chance to express their ideas in class. They explained their theory using the image of a staircase. According to them, the first step was the taking of power, the next, consolidation, until reaching expansion throughout Central America and then South America. However, it remained clear that their main objective was Mexico, a central point of the U.S. blockade. These theories seemed more like Hitler's than like Marxist theories. Our youths saw a crazy doctrine on the surface which was dangerous in depth.

After these talks, we teachers used what was published in the mass media about the fall of the Somozist regime to guide the students who were forming their own opinions on the situation.

We knew that a change was necessary but, at the same time, we were desperate since the Sandinist Front did not inspire any confidence in us.

When we heard the part of their hymn that says "we fight against the Yankee, enemy of mankind," we felt it was false.

On the coast, we can see what the Americans and Germans have done for our community. If we had relied on the Somoza Government, we would still be living in caves. We owe most of our progress to the U.S. missionaries and we on the coast appreciate that.

When Somoza went, we waited to see what would happen.

[Question] What is your main criticism of the Somoza dictatorship?

[Answer] First, it is necessary to explain that the regime as such did not exert much influence on us, mainly due to its physical distance. Although it is true that Somoza never had the slightest interest in developing our area,

it is also true that we did not miss it since U.S. and German aid through the religious communities, mainly the Moravos, was always there.

I basically criticize the Somoza dictatorship's isolation and neglect of the Atlantic Coast.

[Question] What impact did Somoza's fall have on the Atlantic Coast?

[Answer] When the Sandinists came to power, we continued our usual work in the community. However, as the Sandinist Front tried to penetrate the entire structure of our civilian society in order to monopolize and control the consciences of the community, we were forced to confront them. The time came when they tried to form the Sandinist Defense Committees in Bluefields. They held several meetings but no one came to the last meeting because of the slant they were forcing on these committees. Naturally, the blame for that failure fell on our organization, the SICC, and that landed me in jail. What actually happened is that the community rejected them.

On the Atlantic coast, we all wanted a change. However, when the repression and the unjust confiscations (since there were only two Somozists on the coast) began, the people reacted.

[Question] What has been your personal experience of the military dictatorship of the Sandinist Front?

[Answer] I was arrested in September 1980 because of a civic protest against the penetration of a large contingent of Cubans. They came to Bluefields and displaced the natives in key positions under the Sandinist Front, not only in public administration but even in the handling and control of the Atlantic Coast fishing fleets. The people demonstrated, using posters to ask the government to remove the Cubans because they already acted like they owned the coast. They even asked the children in the streets about their religious beliefs and then jeered at their responses as their elders looked on helplessly. I was imprisoned for 3 months in El Chipote in Managua. These were 3 months of torture when only my faith in God helped me. When I left, I wanted to rejoin the revolution and adapt to the new circumstances. However, it was not possible since rabble that belonged to the 19 de Julio Sandinist Youth came to the churches or to my classes and violently disrupted them. Therefore, I took a passport and fled the country.

[Question] What have you done in exile?

[Answer] In Costa Rica I joined another group of activists, SICC members in exile, and we formed ARDE [Democratic Revolutionary Alliance] under the leadership of Brooklin Rivera within MISURASATA [Miskito, Sumo, and Rama Sandinist Unity].

Later, we decided to leave ARDE since our soldiers disagreed with Pastora's Marxism-Leninism and Sandinism as well as his lack of definition toward the enemy.

Now I am a member of KISAN and UNO [Nicaraguan Union of Opposition].

[Question] What is your main criticism of the military dictatorship of the Sandinist Front?

[Answer] I criticize the fact that they, theoretically a system that should protect minority groups, have oppressed the people most. They have tried to impose captivity on the people, systematic indoctrination, and so-called mass organizations, and constantly violated our rights.

What we on the coast most reject is that they want to force us to join their organizations. When one refuses to participate because he clearly sees the totalitarian nature of the regime, he is accused of being a counterrevolutionary.

Job sources have decreased. Instead of a positive change where every person could work, they have repressed us, destroyed the family, restricted freedom, and caused shortages.

The ideology that they represent is not at all progressive and we are progressive people.

[Question] What do you Creoles want for the future?

[Answer] We want equal opportunity, effective pluralism at all levels of the system. We believe in UNO and we are in it. We see UNO as necessary since we cannot do anything alone. We are one part of Nicaragua, a vital part of this country, and as such we expect to participate as our process develops within a democratic system. We want a government that lets us participate and gives us enough freedom to develop like our communities feel we should.

[Question] Some think that the Indian organizations on the Atlantic Coast of Nicaragua are separatist. What can you tell us about this?

[Answer] That is false. We in the SICC and KISAN have rejected any separatist tendency. Zelaya Department is an indissoluble part of the Nicaraguan nation. We aspire to the autonomy of our communities without questioning the territorial and political integrity of Nicaragua which is our country.

7717
CSO: 3248/113

NICARAGUA

D'ESCOTO TRAVELS TO AUSTRALIA, REQUESTS AID

Broadway THE NATIONAL TIMES in English 13-19 Dec 85 p 15

[Article by Susanna Rodell]

[Text] "YOU name it," says Father Miguel d'Escoto, "you have it and we need it." D'Escoto, Nicaragua's genial and passionate Foreign Minister, was in Australia recently "to push on, to deepen and broaden our relationship".

It is part of Nicaragua's strategy of having relations with as many countries as possible so that the tiny nation does not end up being dependent on any one power.

What, specifically, does Australia have to offer?

"Food — especially powdered milk. Spare parts for our sugar industry machinery. Technical assistance in almost any field, and scholarships, for our young people to come and study."

Like many Sandinistas, d'Escoto is charismatic and fond of rhetoric; it is hard to keep him on practical subjects and difficult to interrupt his oratory.

And also like many Sandinistas, he is more at home with Christian imagery than with Marxist ideology. Asked whether the Sandinistas are Marxists, he responds: "We did not, in Nicaragua, have to go out to the international marketplace of ideology. In

the very entrails of Nicaragua, over 50 years, there was something in gestation. That was what we call *Sandinismo*.

"It is an ideology of the 20th century, and such an ideology does not develop in isolation. It has been enriched by others but it is very much our own. Its fundamental characteristics are an insistence on self-determination and an insistence on democracy, in the real sense, that the *demos* should exercise the *cracy* — the people, not the elite, should determine. We never had that, but there was a deep aspiration.

"God is the creator, and if we are made in His likeness, then we are made as co-creators of a world that is not yet finished. The coming of the kingdom — all of us are created to be players in that, not spectators.

"That is why human nature rebels when you don't have democracy. But it has to be a democracy that has real social consequences for the people — economic, social, political democracy."

Here is d'Escoto the priest speaking, and d'Escoto the liberation theologian. Along with two other priests in the government, he has been relieved of his sacramental duties by the Vatican.

Some commentators have said the liberation theology practised by d'Escoto and his colleagues, widespread throughout Latin America and vehemently opposed by the Pope, is the biggest challenge to the Church since the great heresies of the Middle Ages.

Asked about this, d'Escoto says, "Well, after the heresies, you had the Reformation. But liberation theology is not fomenting any type of schism. It isn't a schismatic doctrine. It is a proclamation that Christ came to make us free — free from any kind of domination, nation over nation, man over man, sex over sex.

"He is our father; we are therefore brothers and sisters. We must ourselves have peace and be liberated from fear. Fear is the great enslaver — fear of reprisal, fear of losing one's job — it all comes down to fear of the Cross. And the Cross is the inevitable consequence of doing our father's will.

"Nicaragua is an example of a country accepting the Cross of Christ, accepting the fact that it must struggle for a better world, even if by so doing, it must suffer."

This sincere and highly seductive view of his country's

position contrasts harshly with the cold priorities of other countries' aid budgets. For despite all the official goodwill shown during d'Escoto's visit, Nicaragua cannot expect much concrete help from Australia.

A Foreign Affairs official told The National Times this week that d'Escoto made no specific requests of Australia and that in any case, Australia's interest in Central America was one of principle. "There is no strategic or commercial interest."

Foreign Affairs is constrained by the recommendations of the Jackson Committee, which last year declared that Australia should concentrate its aid efforts in the immediate region. It is also constrained by the falling value of the dollar.

Nicaragua has a large community of supporters here, and the department is often in something of a quandary about how to appease them. There is a good deal of sympathy for the plight of the besieged nation, but there is also a practical concern that Australian aid be tied to Australian interests.

Last year, the Foreign Affairs spokesman said, Nica-

raguan finance minister Alejandro Martinez visited and presented a range of requests for aid and trade credits. All were rejected, he said, "on economic grounds".

Australian aid to Nicaragua over the past couple of years has totalled only about \$300,000. It is unlikely to increase.

"If there was anything they wanted to buy," the source said, "we'd be happy to sell to them, but it would have to be on a commercial basis; and they'd probably be looking for pretty favourable credit terms." Then Australia would have to look at their ability to repay.

Even the Nicaraguans themselves, he says, are pessimistic about their economic outlook as long as the US keeps the pressure up, although few doubt the capacity of the country to support itself if it were free from harassment.

But with an average balance of payments deficit over the last four years of about \$500 million, he said, Nicaragua is not considered a good credit risk. Anyone lending them money now would be looking at rescheduling repayment into the 21st century. This is

not the sort of thing conservative economic policy-makers are very keen on.

There isn't much chance of scholarships for Nicaraguan students, either. Australia has five scholarships set aside for the whole of Latin America; it is much more sensible, we are told, to offer these to students from the larger nations like Brazil, Argentina, Colombia and Venezuela.

We are more interested, he said, in making political gestures — in making statements in international forums opposing intervention in the region, opposing the US-backed *contra* activity, supporting Nicaragua's right to sovereignty.

"There is a lot of community concern here about Nicaragua, and rightly so, but it's hard for those people to appreciate that Nicaragua is not a major priority for Australia," the source said.

And despite the fact that the country is very badly off economically, there are places closer to home where the outlook is worse — places like Bangladesh, Burma, Indonesia and some of the nations of the South Pacific.

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CSO: 3200/7

NICARAGUA

IRREGULAR RAINS CAUSE PACIFIC COAST CROP LOSSES

Managua LA PRENSA in Spanish 30 Oct 85 p 12

[Text] The Pacific coast of Nicaragua suffered from an unusual winter which affected most of the basic grain crops, according to corn and sorghum producers.

The winter was very good in some "microzones" but it was not good enough for vegetable crops like tomatoes, chili peppers, chayote fruit, watermelon, and carrots, according to the farmers.

The corn crops were not satisfactory; there were many losses. However, our informants added that it was possible to recover a large part of the crops by using artificial irrigation. However, this considerably increased costs.

The National Nutrition Program is responsible for the Emergency Plan to produce foods for the "self-supply" of some rural communities. Sources there said that there was a good harvest of "millon" wheat, a corn substitute in the Nueva Guinea zone. It will help compensate for the corn shortage.

Sorghum production went down about 14,000 quintals compared to the previous year. Some areas that were affected by the lack of rain were replanted, according to the sorghum producers.

However, winter changed again this year toward the end with heavy rains in the western part of the country like Chinandega and Leon. In the central zone--Managua, Masaya, and Granada--the rains were and continue to be fluctuating which helps the coffee. A good quantity of it is already being cut in Carazo and Las Sierras de Managua. Coffee production is expected to be very good in this zone, according to the producers in UNCAFENIC [National Union of Nicaraguan Coffee Growers].

The winter provided the minimum needs for the cotton growers since the planting was done very efficiently. Any harm to the plants has been caused by totally different factors like insects.

The beans were "burned" by the lack of rain. The rice has been less affected due to experience and applied technology. ANAR [Association of Nicaraguan

Rice Growers] promoted several workdays in the countryside. The results have been positive, according to the associated rice growers.

Finally, members of UPANIC [Agricultural and Livestock Producers Union of Nicaragua] and UNAG, "summarizing the year," indicated that agricultural work has been positive despite the unstable winter.

This October the winter worsened. There were torrential rains in some microzones and, in other places, it hardly rained at all.

There was a "drought" for the vegetable growers in Sebaco, Dario, Matagalpa, and upper parts of Managua. The pineapple crop, located in the zone of Ticuantepe, was affected by the lack of rain, according to the producers. However, the prices remained stable which favored the pineapple growers.

7717

CSO: 3248/113

7 February 1986

NICARAGUA

BRIEFS

LAWYERS' GROUP ESTABLISHES BRANCHES--Today the Nicaraguan Bar Association ended a week-long organizational campaign throughout the country. It organized two departmental boards in Chinandega and Somoto, leaving only two departments in the republic to be organized. The president of the Nicaraguan Bar Association, Dr Alberto Saborio, told reporters of LA PRENSA that the board of the Chinandega Bar Association was made up as follows: president, Dr Juan Munguia Novoa, a well-known lawyer; vice president, Dr Maria Luisa Acosta Castellon; secretary, Dr Marco Tulio Ordenez; treasurer, Dr Horacio Sequeira; and member of the board, Dr Ramon Cesar Molina Martinez. The Bar Association was organized in Somoto with the following board: president, Dr Victor Manuel Talavera Huete; secretary, Dr Efrain Lopez del Valle; treasurer, Armando Herrera Corrales; and member of the board, Dr Rodolfo Alfaro Garcia. The members of the National Forum are very enthusiastic about the national organization of the Nicaraguan Bar Association, calling that organization one of the strongest and best organized unions in the country. On 15 November, lawyers throughout the country who belong to the Bar Association will hold an assembly in this capital to discuss the good progress of the organization, the advancement of legal professionals, and other matters related to the union. The Bar Association is the most influential union in CONAPRO [National Confederation of Professional Associations]. [Text] [Managua LA PRENSA in Spanish 27 Oct 85 pp 1, 8] 7717

UNO TO OPEN EUROPEAN OFFICES--Two offices of UNO [Nicaraguan Union of Opposition] will open soon in Europe. This was announced by Dr Arturo J. Cruz, director of UNO, and Pedro J. Chamorro, secretary of the Information Committee of the opposition alliance, during a recent tour through Madrid and Geneva. The UNO office in Spain will be under Dr Sucre Alcala Rodriguez, a distinguished leader against Somozism. The head of the Geneva office will be Dr Jaime Pasquier who was ambassador to that important Swiss city for the Sandinist Government during the first years of the revolution. In a press conference in Geneva last Friday, 1 November, Dr Arturo Cruz announced the intention of establishing that office, explaining that the pertinent legal steps were being taken to open soon. The conference which was covered by a wide range of reporters also discussed a number of current topics like the limitation of civil liberties as a result of the repressive policy of the Sandinist military dictatorship. A spokesman of this democratic organization reported to NICARAGUA HOY that UNO's diplomatic offensive in Europe is part of the policy of the leaders of that organization to resume the battle on all

fronts. It is a response to the repressive measures adopted by the Sandinist military dictatorship under the trite pretext that it is the "victim of aggression." [Text] [San Jose LA NACION (NICARAGUA HOY supplement) 9 Nov 85 p 1C] 7717

CSO: 3248/113

PERU

LEFTIST POLITICAL MOVEMENT HOLDS FIRST CONVENTION

500 Delegates Formulate Platform

Lima EL DIARIO DE MARKA in Spanish 16 Dec 85 p 4

[Text] Yesterday marked the end of the 1st Convention of the People on the March Political Movement, which was attended by more than 500 delegates from all over the country. The gathering was held at the local facilities of the Teachers' Cooperative (COOSTEL) in Lima.

This historic event, which began on the 13th of this month, lasted 3 days, during which issues related to the national and international situation were discussed.

People on the March is made up of workers, slum dwellers, students and independent sectors as well as leftist sympathizers.

Several members of this political movement were interviewed, and they all stated that the front is not a workers' confederation or anything of the kind; it is a political conglomeration of sectors seeking the installation of socialism and not just responses to mere lists of demands.

"The struggle launched by People on the March is aimed at the principal objective of raising the masses' consciousness so that the prevailing system can be converted into a more just and humane social order," stated Walter Palacios, who chaired the executive board.

The agenda contained a number of items, the most important ones being the national political situation, the defense of human rights, the peasant problem, the unity of revolutionaries, the slum movement, the university movement, and the platform for the struggle against the current situation.

The speakers who focused on the background and historical roots of the current crisis agreed that today we are undergoing the most serious crisis since the war with Chile, and that the bourgeoisie now represents the interests of foreign capitalists.

"The role of the bourgeoisie has been to protect the established order in exchange for a portion of wealth granted to it by the imperialists, and that

is probably the fundamental reason why military coups are so prevalent in response to the advance of the popular struggles," stated one member of the committee assigned to evaluate the country's current political situation.

Another member of that committee said that the demands of the International Monetary Fund (IMF) in connection with the problem of the foreign debt were simply the application of methods aimed at subduing the humble classes of our country, especially through taxation and cuts in budget allocations for social projects.

The 1st Convention of People on the March also reiterated its commitment to the observance of human rights, and an end to violations of the people's tranquility, to torture, and to the dirty war in Ayacucho and the other areas that have been declared emergency zones.

"We also demand the immediate and unconditional release of all political prisoners held in the various jails of this country," Walter Palacios told EL DIARIO DE MARKA.

As for the proposed plan for the future, the 1st Convention of People on the March resolved to promote the formation of an anti-imperialist and popular revolutionary government that will guarantee the development of our fatherland. In addition, in view of the repressive assault on the labor unions' struggles, People on the March called for the formation of self-defense groups and popular militias so that the workers themselves can repel any kind of aggression they may be subjected to.

"The American Popular Revolutionary Alliance (APRA) is not fulfilling any of its promises. This new government, which claims to favor the working class, has not yet heard all the workers' requests at the Ministry of Labor, and it is already threatening them that they must return to work or be called into court," stated several people who attended the closing ceremonies.

Other participants in this event indicated that it was highly irregular that to date the promulgation of the APRA Government Plan has not yet been made public. "In our final documents, we state the need to appropriate control of production, to transfer companies to the workers, and to make substantial improvements in the wage system," they stated.

Regarding the status of the popular and labor movement, People on the March recalled that attempts to improve the current situation and to transform society are not just recent. "We are mindful of the example set by Juan Santos Atahualpa, Tupac Amaru, Rumi Maqui and, more recently, Cmdr Luis de la Puente Uceda," said Carlos Leon, as the audience broke into applause to honor this martyr.

Finally, the delegates assessed the peasant and university movements. "As for the peasant movement," said Manuel Tucse, "what is needed is more agrarian assistance, more progress in Agrarian Reform and efforts to prevent it from being dismantled, and, above all, an end to the genocide that the army and the police forces are perpetrating in the emergency zone."

With respect to the university movement, those present stated that the new government tends to provide training to professionals who will serve the dominant classes, in the case of the private universities, while it is trying to asphyxiate the national universities slowly so that they will disappear in the near future.

People on the March also presented a 16-point platform of struggle, in which it advocates the non-payment of the foreign debt, the elimination of tax exemptions for transnationals, the elimination of free exports, the unrestricted operation of Industrial Communities, respect for human rights, and solidarity by our country with the peoples that are struggling against Yankee intervention in Central America.

Broad Revolutionary Policy

Lima EL DIARIO DE MARKA in Spanish 16 Dec 85 p 10

[Commentary by Nelso Rubio Candamo]

[Text] On Friday, 13 December, I attended the 1st Convention of People on the March as an invited guest. The first question I asked myself, as others undoubtedly did too, was: Why choose a location as large as the pavilion of the Hotel Crillon for a new--and presumably small--political movement? You had to be there to find the answer, and to prevent the usual circumstance of some exaggerating and others minimizing the attendance. The response was overwhelming: Approximately 4,500 people were present, including 2,800 to 3,000 members of People on the March. The deduction was simple, since there were 3,000 seats or chairs, and all were occupied. And the slogans of the People on the March movement were chanted in chorus by all of those seated there. Using a popular sports expression, the event was a sell-out, and therefore a success. In politics, results are very important. A university professor who was marching around the hall kept saying, "Good work, good work."

In my view, this political event was characterized by three general features:

1. The social composition was approximately 80 percent workers, men as well as women and industrial as well as non-industrial workers; but there were also slum dwellers. It was a great assembly of enthusiastic workers who have transcended the bounds of unions and labor organizations, and have gone from the daily struggle to take assertive action against capital, to organized political action against the system and its capitalist state.
2. Another significant and unusual feature was the active presence of women workers. This marked a qualitative change from their traditional role (no longer housewives but the traditional assignment by the "vanguard parties" as efficient, trusted secretaries to the caudillo/leaders of the left). I can cite the example of two women/workers/leaders, Vilma Mazuelos and Cecilia Oviedo. Both are old hands (despite their generational youth) in the union and political struggles. The former is a leader of People on the March and of CEAT, and the latter a current leader of the Popular Democratic Union (UDP) and a former one of the Intersectorial Confederation of Public Employees

(CITE). A short time ago, Oviedo left her leadership post because of the alliance between the United Left (IU) and APRA, among other reasons. In another article we will discuss this new coexistence between the two institutions.

3. The third important characteristic is the youth of the worker members and their level of class consciousness. These two elements lend great potential to the organization of a political project. We know that the class consciousness of the proletariat is based on objective factors whose roots are found in the economy, and on subjective factors, whose roots are found in history and the tradition of the class itself. This tradition of the class and/or classes is playing a role in the decision to form a political anti-capitalist, anti-imperialist movement.

Aside from these general features, I will refer to other matters that have more to do with the content of the meeting. The key lies in the call to form a broad national revolutionary political movement, with an explicit mandate to forge a historic popular-worker force in the class struggle that would be linked to capitalism's internal and objective bent toward its own destruction. In other words, the great political dilemma: how to combine, organize, and process the internal, objective, conducive laws of capitalism, which operate beyond free will and with utter necessity; and the political organizational will of the exploited social classes in the search for their total political and economic emancipation. In the final analysis, it is a matter of placing the revolutionary historic subject in the center of the class struggle. The movement of capital and the capitalist state is stronger than the wage movement, so the wage movement must become a revolutionary movement. This is the understanding of the delegates.

A second important aspect is the general and specific call issued to certain revolutionary political organizations: The UDP, the Communist Party (Majority), the Socialist Revolutionary Movement (MRS), and the Labor Party (PT). As I understand it, the call for unity issued by this new political movement of the masses extends to these organizations. The attendance of the delegations confirms this. It is known that unification movements often get bogged down for a variety of political reasons, but others encounter obstacles because they try to reach accommodations with those "above," while ignoring the horizontal view and the perspective of the historical process. In this regard, I will quote Marx, writing in the "Critique of the Gotha Program" just before the Gotha Unification Congress was held in 1875: "Every step of real movement is worth more than a dozen programs." Therefore, if it was not possible--and the circumstances of the time were not propitious--to go beyond the Eisenach program, then action should have been limited to simply reaching an agreement for action against the common enemy. Given the circumstances and the historical distances, his words still apply today. The political maturity that characterized Marx is still there, perhaps even enhanced.

To conclude, I repeat a Marxist principle: no revolutionary can be in disagreement; what's more, this is a principle of Marx's Marxism. I am referring to the historical justification for the need for a revolutionary political movement, that is, the need to assume that criticism of capital and the state arises out of two fundamental sources: "the socialization of the

means of production and the socialization of power or the extinguishment--overcoming of the state." This historic challenge deserves the reflection and decision of the organizations that were called upon--as well as those that were not--to make this People on the March event a process, accepting its limitations, setbacks, advances and own rhythms, toward a future WORKER/POPULAR POWER ON THE MARCH.

Vilma Mazuelos Leader

Lima EL DIARIO DE MARKA in Spanish 13 Dec 85 p 14

[Interview with Vilma Mazuelos Hernandez, president of the CEAT; author, date, time and place not given]

[Text] Vilma Mazuelos Hernandez is without a doubt the most outstanding leader of the self-management movement in the country. As president of the CEAT, she has been able to join in the popular struggles. She has not been absent from a single battle involving the workers.

It is always interesting to talk to her, as she is a leader who cut her teeth on long years of union and political battles. Today, revolutionary unity is the topic. She presents her viewpoints clearly in a fertile, wide-ranging and enriching debate.

[Question] What does revolutionary unity mean to you?

[Answer] Unity as revolutionaries see it is based on a political, ideological and strategic consensus which responds to the genuine interests of the working class and the people. Any other kind of unity would only serve interests contrary to those of the working class.

[Question] And what is your opinion of the unifying event put on by People on the March?

[Answer] I believe that the 1st Convention of this movement fits within the popular objectives of achieving unity as a step forward by the working class. There really are great hopes for this convention.

Naturally, because this meeting will gather together important sectors of the population, it should first of all serve to establish an ideological-political differentiation with APRA and conciliatory and reformist sectors.

With regard to APRA, the essentially reactionary nature of this party must be exposed. In 60 years of political life, it has compromised with all groups in power; it has never been on the side of the people. We must draw people into the broadest form of worker unification, not to follow in the footsteps of this government but rather to struggle and to stop the political assault that Alan Garcia's party is perpetrating.

Concerning the deviations in the path followed by the Peruvian left, it is important to hold the most extensive possible debate on true unity, so that we

will not make mistakes and deviate from the path, as that would cause serious damage to the workers of Peru.

We genuinely desire unity so that we can defend the idea of the socialist revolution and the methods necessary to take power. We must abandon the fetishism of bourgeois legality; we must raise the standard of the class struggle and rise up against this unjust order.

[Question] What do you think of the political times?

[Answer] The political situation is characterized by intensive demagoguery by the APRA government. But it finally appears that the lies he tells during his balcony appearances are being exposed by reality. In the area of labor, management has attacked the workers. They are being openly supported by the current government. Faced with this, the workers have begun to struggle, and are still a little isolated now. But in recent days we have seen with satisfaction that a number of factors have fallen into place so that the Peruvian workers can wage a concerted and united battle.

[Question] Let's talk a little about Peruvian self-management. What do you think its fate will be under this government?

[Answer] We regard self-management not as an economic-social category, but as the unification of a class. In this sense, a self-managed company can be an instrument of struggle in support of the workers' struggle, but it can also be a reactionary instrument in the service of the bourgeois system.

Like all bourgeois governments, APRA will try to liquidate these workers' enterprises to the extent that they do not serve to shore up the capitalist system. The enterprises of the CEAT were born out of struggle, and therefore their existence and development are a function of the unity of our rank and file and our ability to struggle in unison with all Peruvian workers.

8926

CSO: 3348/310

7 February 1986

PERU

PPC DEPUTY SAYS USSR SHOULD ASSUME TOTAL FISHING DEBT

Lima EL COMERCIO in Spanish 15 Dec 85 p A-7

[Text] The debt that is owed for the Soviet fishing vessels chartered by the private Peruvian firm Pesquera Pacifico S.A. is exclusively a tax debt. This is a separate item from the debts already owed by this representative of the Soviet enterprise Sovribflot, which consists of ten trawlers. The other debts, totaling more than 5 billion soles, were owed to the Customs Office in Callao, Enapu-Peru, the Public Enterprise for Fishing Services (EPSEP), and other agencies.

According to subsequent statements by the current fishing minister, Jose Palomino, that entire debt has been assumed by the Soviet Government.

The new accusation was made recently in the Chamber of Deputies by the Popular Christian Party (PPC) delegation, and the supporting information was supplied by Deputy Enrique Elias Laroza.

Another Debt

The PPC accusation covers another area of debt, the use of Peruvian marine resources by the Soviet vessels in question, and the failure to pay the respective taxes pursuant to Peruvian law.

Deputy Elias Laroza, backed up his request by citing a number of regulations, laws and even articles of the Constitution itself.

For example, referring to the Peruvian territorial sea, he noted that Article 98 of the Constitution establishes that the state's maritime domain includes the sea adjacent to its coasts, as well as the seabed and the subsoil, to a distance of 200 maritime miles.

Regulation 12 of the preliminary title of the Peruvian Tax Code, which has been in effect since 1966, states: "The tax regulations apply throughout the national territory and its jurisdictional waters and airspace."

Elias Laroza pointed out that all of the previous charges, dealing exclusively with fishing and the use of services in bond, in ports, and other Peruvian

facilities, are a separate issue that is being studied by an Investigative Committee of the Chamber of Deputies.

This new accusation, on the other hand, deals exclusively with tax matters.

Taxes on 95 Percent of Catch

The aforementioned representative stated that the regulations of the tax law are clear, unequivocal and unquestionable in their assertion that Soviet fishing vessels must pay Peru taxes on the income earned on all fish caught, with the sole exception of the 5 percent that is turned over to the Peruvian Government.

"In other words," said Elias, "our taxes cover a full 95 percent of the product obtained by the Soviet fishermen during the time they have fished in Peru's territorial waters."

He also indicated that all officers and crewmembers of all vessels must pay income taxes to the Peruvian treasury on all remunerations received by them during the entire time they have operated within the 200-mile limit.

He argued that Regulation 13 of the preliminary title of our Tax Code states: "All natural or moral persons, whether Peruvian or foreign, domiciled in Peru are subject to compliance with the obligations set forth in this Code and in the tax laws and regulations."

Income Taxes

He also noted that Article 6 of Decree-Law 200, which is the General Income Tax Act that was passed in 1981, states: "All of the taxable income received by the taxpayers that are considered to be domiciled in the country is subject to the tax, regardless of the nationality of natural persons, the home office of moral persons, or the location of the producing source. In the case of taxpayers not domiciled in the country, their branches, agencies or permanent establishments, the tax shall apply only to the taxable income from Peruvian sources."

He also cited Paragraph e of Article 7 in Decree-Law 200, which states that "in the case of branches, agencies or other permanent establishments in Peru of natural or moral persons not domiciled in the country, the branch, agency or other permanent establishment shall be considered to be domiciled in the country with respect to the income generated by Peruvian sources."

Article 11 of that legislative decree states: "Income earned by exporters from the exportation of goods produced, manufactured or purchased in the country are considered to be entirely from Peruvian sources."

Paragraph i of Article 13 in that same legislative decree specifies: "The branches, agencies or any other permanent establishment in the country of companies, corporations and entities of whatever type chartered abroad."

In addition, Article 8 of the regulations of Decree-Law 200 states very clearly: "For the purposes of determining the application and jurisdictional base of the tax, permanent establishments other than branches and agencies are understood to be any fixed place of business where the activity of a company, corporation or entity of any type chartered abroad is carried out totally or partially."

It goes on to say, "In particular, to the extent that the activity is carried out pursuant to the provisions of the above paragraph, the administrative centers, offices, factories, sites where natural resources are extracted, and any facility or fixed or mobile structure used for natural resources exploration or exploitation constitute permanent establishments."

Finally, Article 76 of Decree-Law 200 stipulates: "All moral persons who earn computable income for the purposes of this law shall file an affidavit declaring the income earned during the tax year."

For all these reasons, according to Deputy Elias Laroza's statement in the Chamber, the Soviet fishing fleet operating within the 200-mile limit is, for tax purposes, a moral person domiciled in Peru, has earned income from Peruvian sources, and is automatically obliged to pay income taxes, to file reports and affidavits, and to maintain the accounting books and records prescribed by our legislation.

8926

CSO: 3348/310

PERU

BRIEFS

PRC PURCHASES IRON ORE--Ica, 2 December (Correspondent)--According to Engineer Felipe de Lucio Pezet, the president of HIERROPERU [Peruvian Iron Mines Enterprise], during the next few months the PRC will purchase from Peru 100,000 metric tons of iron ore valued at \$2 million. He indicated that during his recent Asian trip to open new markets, he had successful dealings in Japan, South Korea and Malaysia. He also signed an agreement in which the PRC will provide Peru with the drilling machinery necessary for HIERROPERU's operations. [Excerpt] [Lima EL COMERCIO in Spanish 3 Dec 85 p a-13 PY] /12858

AMBASSADORS TO U.S., CHILE, MOROCCO--Lima, 9 December (AFP)--The Peruvian government has appointed Luis Marchand Stens as ambassador to Chile and Alejandro Gordillo Fernandez as ambassador to Morocco. Marchand who is currently the ambassador in Washington will be replaced by Cesar Atala Nazzari. [Summary] [Paris AFP in Spanish 1827 GMT 9 Dec 85 PY] /12858

CENTRAL BANK PRESIDENT--Lima, 10 December (AFP)--Lionel Figueroa Ramirez, the new president of the Central Reserve Bank, stated today that the Peruvian economy has encouraging prospects for next year. Figueroa, whose designation was announced today by President Alan Garcia and who will assume office within the next few days, will replace Richard Webb, designated in July 1980 by former President Fernando Belaunde, but who disagreed with his economic policy during the last months of his term. [Summary] [Paris AFP in Spanish 0443 GMT 11 Dec 85 PY] /12858

SENATOR MEETS WITH CASTRO--Peruvian Senator Armando Villanueva, secretary general of the ruling American Popular Revolutionary Alliance [APRA], has met with Cuban President Fidel Castro during a stopover in Havana on his way to the Soviet Union. Villanueva said that during the brief meeting, he conveyed Fidel his fraternal appreciation and greetings from the APRA government. [Text] [Havana Radio Progreso Network in Spanish 1200 GMT 18 Dec 85 FL] /12858

CSO: 3348/297

VENEZUELA

CANACHE MATA DENIES PRESSURE TO RESHUFFLE CABINET

Caracas EL NACIONAL in Spanish 10 Nov 85 p D-15

[Article by Rosa Ustariz]

[Text] The national leadership of the AD [Democratic Action] does not discuss reorganizations to be made in the Executive Cabinet. We respect the power which the constitution gives to the president of the republic to carry out his functions sovereignly and freely.

Comments made recently on alleged pressure from the AD National Executive Committee (CEN) on President Luisini to reshuffle the Cabinet are, in the opinion of Dr Carlos Canache Mata, no more than "mere speculation."

The head of the parliamentary faction of the governing party was emphatic in stating:

"That business about the AD CEN making recommendations concerning Cabinet changes is no more than mere speculation."

"What is your opinion of the administration?"

"On that matter, I can only say that I believe it has made great efforts to bring the country out of the crisis it found on 2 February 1984 and that some major successes have been registered, such as having rectified the deficit situation in the foreign sector of the economy, having halted the drop in national production, having achieved in principle the refinancing of the huge foreign public debt and having implemented mechanisms for cancelling the domestic public debt in the amount of 45 billion bolivars, and so on.

Canache Mata was responding in a sense to proposals that Dr Rafael Caldera and his Social Christian Party (COPEI) had made concerning the government's obligation to keep Congress informed of all steps and commitments Venezuela is making with respect to its creditors in order to refinance the foreign public debt.

It is said that the largest opposition party is even invoking the constitution because it considers it to be a matter of national interest.

The AD leader noted that Congress has already approved authorization, by means of a law to the National Executive Branch, of the refinancing of the foreign public debt and that consequently, it is the Executive Branch which, based on the parameters of that law, is responsible for reaching agreement with international creditor banks in order to restructure the debt.

"I do believe that the government must inform Congress and national public opinion about the progress in the final phases of the refinancing process. It is not required, from the legal standpoint, to report on the details of the implementation of the authorization which Congress has given to the Executive Branch, for reasons of a political nature, and we are in a democratic system. The government must keep public opinion and especially Congress informed on matters of interest to the country."

He observed that it is impossible for the smallest details of talks held by government representatives with representatives of creditor banks to be transmitted by tape to national representatives so that they might be absolutely informed of everything.

"That would be ridiculous. They must report on the major, most important, far-reaching matters."

11,464

CSO: 3348/223

VENEZUELA

NEED TO SETTLE DIFFERENCES WITHIN AD FACTIONS UNDERLINED

Caracas ZETA in Spanish 7-18 Nov 85 pp 10-12

[Text] With a profusion of what Gonzalo Barrios once called the "statutory collisions," the Democratic Action (AD) now moves toward the big internal elections scheduled for 24 November in which all party members will elect their officials in a pyramidal process culminating in mid December. At that time, the National Convention will elect a new National Executive Committee. This election is considered decisive for the future of the party, with far-reaching effects on the country, for it will determine who will govern a party whose possibilities of winning again in 1988 are undeniable. In other words, what is at stake is who will govern for at least 8 years.

Two Main Factions

Two main factions are active within the Democratic Action. What Carlos Andres Perez represents has united a whole sextet made up of Jaime Lusinchi, Gonzalo Barrios, Octavio Lepage, Reinaldo Leandro Mora, Manuel Penalver and Luis Alfaro Ucero. Included are the trade union movement (Antonio Rios) and the farm movement (Eustacio Guevara). Party heavyweights such as Humberto Celli are involved. Such influential figures as Alejandro Izaguirre accompany them. Veterans of internal struggles such as Guillermo Luna and young men seeking to move from the provincial to the national scene, such as Carlos Lee, are seen. It is a formidable alliance that now faces that great spectre of Venezuelan history known as reelection.

This wall opposes the strong and charismatic faction headed by Carlos Andres Perez, strengthened by the memory of the bonanza that the country experienced between 1974 and 1979. Carlos Andres has no official capacity, but he has won allies, a few of them incredible, such as Luis Pinerua. The talk between Pinerua and Perez 2 years ago in the men's room of the Aventino Restaurant, capted by the ubiquitous ear of Porfirio Pomarrosa, has jelled into a strange alliance that Pomarrosa himself has called "Pipe," an expression evoking not only the initials of Pinerua (Pi) and Perez (Pe), but the name given in the east to the organ which both leaders held in their hands during that initial conversation 2 years ago! At that time, Pinerua called Carlos Andres "chief," and the latter answered, "I have always been your chief." This ritual of submission changed Pinerua's long-standing conduct during which time he had served Betancourt in accusing the Carlos Andres faction of being corrupt. He now serves the same purpose facing Perez' adversaries.

Explicably overwhelmed by the adverse course of events, David Morales Bello has also joined this faction. After the defeat facing Lusinchi in the 1983 internal elections, things have not gone so badly for David. His followers have scattered, seeking other ports. Carlos Andres has denied him the possibility -- which many expected -- of being the candidate now, with the blessing of Gocho. But what can he do? Go it alone? It would be suicidal. David thus swallows his bitterness and continues with CAP, with the hope that the latter will see the unsuitability of running and look to him, accepting his own replacement.

Finally, Carlos Canache Mata, from the Lusinchi faction where he spent so much time, now joins that of Carlos Andres. He believes, justifiably, that Carlos Andres will not be able to stay in command his whole life, that David is worn out by so much defeat and that he, the jubilant mulatto of unwaivering optimism, will represent the interests of the sector in 1993.

Cold Numbers

The new wave that Carlos Andres has roused everywhere is impressive to many writers, but the election in question is internal, among Adecos. Here, things are not what they seem. Provincial leaders, people under the age of 50 -- some scarcely past 30 -- saw in the last CDN [expansion unknown] that their interests are not those of Carlos Andres and that Manuel Penalver and Luis Alfaro Ucero represent them much better. They are the ones who decide. The faction opposing the presidential reelection will win in Zulia, Lara, Carabobo, Aragua, the Federal District (Caracas and La Guaira), Anzoategui, Monagas and Bolivar. With the Trade Union Bureau and the Farm Bureau, it is a clear majority. But it will also won in Merida, Trujillo, Barinas, Apure, Nueva Esparta and the two federal territories. Then come the ambiguities. The winners in Tachira, Vianney Rodriguez and Ron Sandoval, will declare themselves Carlos Andres supporters, but Carlos Andres prefers "Flaco" Romero. Ildemaro Villasmil (Falcon) and Edmundo Sanchez Verdu (Miranda) -- if the latter actually beats Freddy Lepage -- are with Carlos Andres, but with Manuelito and will switch. The numbers in Cumana are not favorable to Emery Mata and Max Castillejo. In Carupano, the one who can win is Rosa Bethermy, who is moving away from Pinerua as the latter continues to insult Manuelito. Trade unionist Alexis Olmos, head of the party in Yaracuy, will have a limit beyond which he will not be able to accompany Carlos Andres against the opinion of the trade union movement.

Gold Twins

These numbers do not undermine the optimism of Gumersindo Rodriguez and Diego Arria, who found an opportunity to embrace at the celebration which a group of friends hosted for Carlos Andres on the occasion of his 63rd birthday. Diego and Gumersindo are seen by Adecos as the personification of all the evil now afflicting the party. In fact, they were agents of the great international and national dealings implanted around Carlos Andres to get the fire going closer to their bosses' feet. But they won the heart of the leader and are now closer to him than any other person, including Teo Camargo and Hector Alonso Lopez. And including David and Canache, for whom Carlos Andres' preference for Diego and Gumersindo is a bitter pill in their relations with the leader.

There can be no doubt that if there is a Carlos Andres candidacy, the real head of the campaign will be Diego, no matter who appears at the top -- David knows this because it happened to him in the 1973 campaign. And Gumersindo will draft the economic program, no matter who appears to have that responsibility.

Future Not Clear

Carlos Andres must lose the December convention by the classic 7 to 3. But his haul in the streets is still a matter of concern for people like Gonzalo Barrios, who lost the 1968 elections because of the Prieta split. On Wednesday, 6 November, Gonzalo told Leopoldo Linares accepting the existence of internal factions that they should come to an agreement "because otherwise, the party would be weakened in the immediate future and that immediate future could be prolonged until the 1988 elections." It is for that reason that some people of Dr Barrios, such as Alejandro Izaguirre, maintain contact with Carlos Andres and that Reinaldo Leandro Mora locked himself in with Carlos Andres in Prados del Este on the very day that Gocho celebrated his 63rd.

11,464

CSO: 3348/224

VENEZUELA

ABSTENTIONISM IN AD PRIMARY ELECTIONS

Caracas EL NACIONAL in Spanish 14 Nov 85 p D-3

[Article by I. R.]

[Text] Ildemaro Martinez, national secretary of the Social Christian Party (COPEI), has stated that national AD [Democratic Action] leaders are fed up and is accusing the COPEI of meddling in its internal affairs, fearing high abstention on the part of its members in the primary elections scheduled for 24 November.

According to Martinez, the records of members in the conservative tent have been the subject of a "lively internal controversy" and they now fear that the real figures on membership may be known.

"That is why they are now condemning an alleged meddling on the part of the COPEI, when we appear as 'observers' of the absent premises in party voting. They also fear publication of the opportunistic maneuvering and the improper use of government resources in the internal campaign."

He considered as "disproportionate and virulent" the reaction "from the top leaders of the AD over the fact that the COPEI can observe the processes of the governing party, above all, when there have been so many reports of improper meddling on the part of public officials and the improper use of government resources to benefit certain candidates."

He confirmed that the COPEI "will inform the country about who voted in the internal processes of the AD" and argued that the organizational secretary, Luis Alfaro Ucero, had begun to discriminate between "active and passive" members.

"Ucero is saying that if 50 percent of the membership votes, it is satisfactory, because no party can mobilize a million persons in an internal process. In addition, he admits substantial abstention."

Martinez said that in the AD primaries, "no more than 20 percent of the figure given on membership will vote because those who have filled out membership cards feel disappointed by the government."

For his part, Douglas Dager said that he was finding "irregularities" in the internal process of the AD through different party organizations. These would have to do with disturbances of the public order and the "scandalous use of economic resources from public funds."

"This is a matter with which the penal courts should officially concern themselves."

It was also announced that they would go to the Supreme Election Council to denounce such events, "especially now that the governing party has condemned meddling by the COPEI in its internal affairs, when they themselves have made them public."

11,464

CSO: 3348/223

VENEZUELA

IMPLICATIONS OF PINERUAS-PEREZ ALLIANCE VIEWED

Caracas ZETA in Spanish 14-25 Nov 85 pp 10-11

[Text] Interpreters and analysts of national politics for whom Luis Pinerua's angry outbursts are nothing but histrionic acts aimed at reviving an authority weakened by his historic anachronism could have found grounds in the tactical retreat which the seasoned politician from Guiria has practiced since the coleric climax in which, at a meeting of the National Executive Committee (CEN), he took Gonzalo Barrios' cane in hand and applied it to Humberto Celli's ribs! Pinerua's presence in cities in the interior has become less traumatic and his statements and writings in recent days insult no one directly. An elliptical language continues to exteriorize the same accusations of an opportunistic participation in the internal process by President Lusinchi and of alleged corruption in the trade union movement. But the proper names and insulting labels -- such as "flunky" in referring to Rafael Poleo -- have disappeared, at least temporarily, from Pinerua's language.

Unexpected Alliance

Pinerua may have understood, through the responses that his expressions provoked, that he is not so invulnerable, "Jupiterian" and apocalyptical as he had thought. The persons attacked responded without the slightest fear, thus destroying a myth. But something more in the minds of Adecos [Democratic Action members] has become dangerous to Pinerua. The verbal violence has had consequences that Pinerua himself surely did not expect. After the little gladiator from Guiria was in Puerto Cabello and warned that if, in the internal contest, there were any deaths, it would be necessary to suspend the internal election process (which his faction is losing in Carabobo), the followers of Pinerua and Carlos Andres took up arms and killed two young members of the victorious Celli faction with whom they had had an encounter in their respective automobiles when running propaganda for their groups over loudspeakers. The possibility that the followers would take so literally words uttered without thinking that they might have a practical effect must logically have influenced the mind of the leader, who advised moderation and calm.

Leaving aside these incidents which diverted attention from the analysis, turning it toward the bloody anecdote, greater interest has been given to the details of the unexpected alliance being formed in the Democratic Action facing the solid mainstay of power made up of Luis Alfaro Uceró and Manuel Penalver. It was not until the CDN [expansion unknown] at which the provincial leadership acted united, unleashing pleas ("I am begging you...." Carlos Andres went so

far as to say) by Carlos Andres Perez and Luis Pinerua, that the traditional leaders realized that their control over leadership had dissolved vis-a-vis historical needs and power imperatives which for provincial Adecos have now assumed priority in these times. Overnight, Pinerua realized that Lara native Guillermo Luna was not an unconditional supporter and Carlos Andres had to hear a whole requisition from his comrade Ildemaro Villasmil of Falcon.

Since then, the agreement between Carlos Andres and Pinerua has become open and militant. Carlos Andres has withdrawn to a discreet level where he cannot be reached by attack and where he does not have to pay the price of dangerous confrontations. He no longer goes to Merida to say that Hector Alonso Lopez, who will be defeated by Manuel Mora Izarra, is his political son. He no longer goes to the eastern coast of the Lake to offer to crush the so-called "Bachacos" (Bachaquero Group of Americo Araujo), and there will be no meeting at the Plaza de Toros in Maracaibo, which the seasoned women of Ixora Rojas have filled. He is no longer seen in the districts of Caracas with Claudio Fermin or Carlos Sthory, whose hopes of defeating Aristides Hospedales have been belied by the polls. Carlos Andres no longer has to risk losses damaging to his prestige. Pinerua does the arduous field work, the task of the political laborer, assuming the risk that the old seed has died and that there is no time to plant a new crop.

Process Moves Forward

While Pinerua labors away to pick at the lead which the Manuel-Alfaro formula has over Carlos Andres throughout the country, the process moves forward implacably. On 24 November, 2.2 Adecos must go to 12,500 voting booths located all over the country. It is the most formidable internal election experiment held by any party in the world (the American parties operate only in times of elections, the Europeans have moderate memberships and in the Soviet Union and China, only officials vote). The membership will thus choose municipal leaders and delegates to district conventions directly. Although there will be lists, members will be able to choose candidates from different ones, so that the election is for specific persons or names, not lists.

Then, on 8 December, the delegates chosen on 24 November will meet at the district conventions, which will yield delegates to the sectional conventions on 15 December and from there, those to the National Convention to be held in Caracas on 19 and 20 September, when a new National Executive Committee will be elected.

Many of the standards for this voting are those of the Supreme Election Council, even the use of the card and computerized lists checked with those of the Supreme Election Council, which has a national list of voters automatically included when, based on their identification seal, the Identification Directorate certifies that they have reached voting age. This is the first reliable record of AD membership throughout the country and participants in the elections have accepted it as such.

If there are no new provocations, the process should continue normally. The climax of the violence seems to have been the Puerto Cabello tragedy, in which two young militants, the sons of an AD family whose children bear the names of party leaders, lost their lives.

The alliance made up of Pinerua and Perez, with Pinerua leading the way, does not appear to be able to exceed the traditional 30 percent which the losers generally have when a decisive majority of the AD voters go in one direction. But for Carlos Andres, who to date lacked an effective head of operations, Pinerua's support is an important asset in negotiations at the top right after the convention and in which the Democratic Action will choose its "secret weapon" for the 1988 elections.

11,464

CSO: 3348/224

VENEZUELA

AD LABOR SECTOR'S SUPPORT FOR CTV'S DEMANDS REPORTED

Caracas EL NACIONAL in Spanish 8 Nov 85 p D-13

[Article by M. V.]

[Text] Demands of the Confederation of Venezuelan Workers (CTV) on behalf of higher wages for workers and concerning the actions of the president of that labor organization to make the just aspirations of the working sector prevail have the full support of the AD [Democratic Action] trade union bureau, according to statements made by Pedro Brito and Jose Beltran Vallejo.

Both union leaders categorically denied that there was any difference between members of the AD trade union bureau on the subject.

Vallejo told this reporter that the document which the CTV presented to the president of the republic and the tripartite committee "not only has the support of other political forces in the CTV, but also of the AD trade union bureau, about which there can be no doubt." He added that it is a document technically conceived and that it contains the opinions of the trade union leadership expressed with great clarity.

"There are no differences in the trade union bureau or on this matter or any other proposal. To date, comrade Antonio Rios has led the trade union bureau within a very broad framework of opinion and there is true brotherhood among all trade union leaders. The national trade union meeting to be held in Central Park on 14 and 15 November will proclaim and unanimously confirm Rios in the office of trade union secretaryship of the party. We can also state that comrade Juan Jose Delpino is a person who has clearly established the direction taken by the trade union movement with accuracy and firmness and for that reason, we are working along with him."

For his part, Pedro Brito maintained that the entire trade union movement of the AD "is with the proposals made by the CTV to the national government."

"We believe that it is a correct path, not the path of legalism or by decree, since this hurts the organized trade union movement's ability to fight. At the national trade union meeting of the AD to be held starting 14 November, we shall ratify the contents of the document presented by the CTV and we are going to delve more deeply into other problems such as social security, recreation, housing and important aspects relating to the purchasing power of workers."

"Is there full support for Delpino and the CTV?"

"The support for Delpino is total because the proposals which he has been making correspond to those made by the trade union bureau from the very time when comrade Jaime Lusinchi assumed the presidency of the republic. There are no differences in the AD on wage increases and the achievement of the workers' demands. The trade union bureau is more united than ever on the subject."

11,464

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VENEZUELA

DECISIVE MEASURES TO CONFRONT COUNTRY'S PROBLEMS URGED

Caracas EL NACIONAL in Spanish 12 Nov 85 p A-8

[Article by Sanin: "The Danger"]

[Text] One has to wonder what Gonzalo Barrios meant when he recently spoke of the dangers threatening the country. His self-criticism as a member of government may well have been an alarming diagnosis of the nation's health. That opinion should be of interest to all Venezuelans and perhaps stimulate discussion so as to prevent and eradicate such risks. The events in Colombia are terrifying because never before in America had we witnessed such tragic, disheartening action, especially in a democracy of long tradition. Terrorism in Bogota demonstrated an increasingly nihilistic tendency, one leading to violence and self-destruction. It is painful to witness the dramatic experience in that brother country, but above all, we are troubled that it could reach such extremes. Naturally, I do not believe or think that Gonzalo Barrios was referring to those dangers. Venezuela is fortunately very far from such circumstances and we do not have factors or circumstances leading one to assume any return to violence. We must be proud of our democracy, which has accomplishments not seen in other parts of the hemisphere. Here we have no guerrillas or terrorism and when we did have them, they were never of any importance and disappeared. In contrast, several Latin American nations have war, guerrillas, terrorism, nihilism, violence, grave social tensions, instability and frequent disorders. Venezuela is the exception, but Dr Barrios, with his customary lucidity, sees dangerous prospects.

Why?

The danger perhaps resides in the impression of impotence which the Venezuelan democratic system gives in overcoming organic and intrinsic failings. There is freedom and suffrage, but the people are not satisfied. The very government party and those in the opposition agree on the need for reform in order to perfect democracy, but the people in the streets remain discontented. The danger resides in the eroding action of time on the bases and structures of the democratic government. There is administrative inefficiency. There is corruption. There is internal decomposition in public office. There is an extremely high level of crime of all types. All agree that there is also a softening of moral values. At the same time, there are internal quarrels in the parties and in that of the government, violence cuts down lives, incredibly and deplorably. Simultaneously, lofty prospects of any economic revival vanish

and the government is discredited. The most serious thing is that there is a divorce between the political country and the national country and the latter is skeptical, pessimistic and afraid. We have here the outline of the danger present in the mind of Gonzalo Barrios. I repeat that the case of Venezuela is in no way similar to the tragic and violent panorama seen in other neighboring nations, but for the sake of God, we must do something! We must proceed in time to prevent the deterioration of the country, calmly and shrewdly, to ward off any change in the democratic climate and the growing disbelief of the people. There is freedom and we still have resources. There is dialogue and areas of consensus. What is President Jaime Lusinchi then waiting for before making a change in direction, a proper integration of teams and a change in administrative unwieldiness, so as to ward off and cure the dangers lurking ahead?

Note: In my previous article on "The Historic Beating," published on Friday, 8 November, an error appeared that was not in the original text. On line 24, where it says "and Rojas Paul reacted against Crespo, while Andueza Palacios took advantage of Cipriano Castro," one should read "while Andueza Palacios expelled Rojas Paul and Crespo reacted against him. The political vacuum was used by Cipriano Castro, but Vice President Juan Vicente Gomez reacted against him," and the rest is correct.

11,464

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VENEZUELA

LABOR LAW REFORM UNDER CONSIDERATION BY CONGRESS

Caracas ZETA in Spanish 24 Oct-4 Nov 85 p 19

[Article by Freddy S. Iriarte: "Reform of the Labor Law"]

[Text] The bill to reform the Labor Law, presented to Congress by former president Rafael Caldera, is under consideration at all levels of national life. The meeting with the bicameral committee was attended by the Confederation of Venezuelan Workers (CTV) and FEDECAMARAS [Venezuelan Federation of Associations and Chambers of Commerce and Industry], both of which made their conceptual as well as circumstantial observations. The work is well underway and we shall soon be witnessing what promises to be a lively debate in the legislative chambers.

The Confederation spelled out certain views, manifesting its disagreement over the reform of the Law Against Unjustified Firing and stating that what was being sought during the period when it was promulgated was standards that would make workers secure in their jobs, a priority of our constitution in guaranteeing the right to work. Another positive aspect was that of providing channels so that collective bargaining -- just as it should be dealt with in a single chapter, given the scattered organization at present, and which workers still deem inadequate -- should be structured so as to ease the obtaining of benefits for workers. Procedures should also be modified in order to improve interpretations in factors of production. We must provide the proper formulas to ensure the prompt resolution of possible labor conflicts, based on legal processes and within a brief period of time, permitting their continuous resolution by doctrinal principles rather than of another nature. A substantial reform has also been proposed in order to include unions by branch of activity, a matter greatly debated at the Ninth Labor Congress and whose discussion was postponed until the next board meeting to be held soon.

Another proposal of the CTV was that of give greater speed to the Labor Trial Law and incorporate new standards granting the worker and unions the right to free and speedy labor justice, establishing the participation of the Ministry of Justice in order to watch over the basic rights of workers. Worker co-management should be included in the bill, along with the fundamental principles and orientations guaranteeing the participation of workers in company management, whether public or private. These are proposals reiterated since the Fifth Labor Congress held over 20 years ago and approved by the Sixth,

Seventh, Eighth and most recent congress held in May of this year, the Ninth. Another substantial point of the CTV made before the committee responsible for drafting the new Labor Law to be put into effect once debated and passed by Congress and after promulgation by the National Executive Branch is that of retirements. The Central Personnel Office recently drafted a Retirement Regulation for government workers. It was subsequently promulgated as an order and is in effect until the passage of a pertinent law or until included in the text drafted by the congressional committee. In certain countries, Belgium and Finland, for example, the worker is prepared through long years of service in a given company and at a specific point, the psychological preparation is begun. Certain benefits such as vacations are increased so that the worker may become accustomed to the new life he will have in the future. Such practices should be sanctioned legally. Such retirement has already been established in many collective contracts signed with different public and private enterprises.

In other words, the most important points of this far-reaching reform to be made in the existing Labor Law must be job security, co-management, the modification of legal procedures, retirement and new standards for improving collective bargaining. For eminent reasons of principle, these points must form an organic law in order to strengthen and develop the programmatic and operative standards of the constitution, ensuring their accomplishment through special laws that develop the spirit, purpose and reason of the law.

Concerning FEDECAMARAS, we might point out that it is the opposite of the CTV, grouping the owner and management sectors of the country. Using very poor arguments, they told the congressional committee that the current Labor Law should be maintained as such. It seems difficult to believe that those who used the existing circumstances (they took their dollars out in 1983, investing in the purchase of goods, have still not repatriated the money and hope that they will be granted the rate of 4.3 when they have to pay) and who made fabulous profits with their price increases have in no way helped to revive the country's economy. At the same time, Venezuelans who annually join the labor market are still seeking jobs because the gentlemen of FEDECAMARAS only think about how much they will make. Very few look at the nearly 30 percent marginally employed who barely manage to have temporary jobs or piecework in order to take something home.

Gentlemen of FEDECAMARAS, you have to think more about the national population, provide stable, well-paying jobs, devise means to incorporate workers into management and seek concrete ways to help the 80 percent of the people who make very little and harmonize them with the 20 percent who receive a great deal from all sides. Such an imbalance could generate social conflicts that no one wants, but if there are no practical solutions to the problem, then those conflicts will grow deeper and more complex. This could well mean the awakening of that vast silent majority which also observes and which is getting tired of so many broken promises.

We workers will wait for this legal instrument which must be in keeping with the most deeply felt reality, the demands of the people and the benefit of the immense national majority.

7 February 1986

VENEZUELA

COPEI, CUTV WAGE INCREASE PROPOSAL REJECTED

Caracas EL NACIONAL in Spanish 8 Nov 85 p D-14

[Article by Mario Villegas]

[Text] A subcommittee of the Chamber of Deputies Social Affairs Committee has decided by majority vote to reject proposals for a general wage and salary increase presented separately by the Social Christian Party (COPEI) and the United Central Organization of Venezuelan Workers (CUTV).

Pedro Brito, chairman of the Social Affairs Committee, told this reporter that the subcommittee in question deemed that the correct way to achieve wage increases is that adopted by the CTV rather than the legislative means chosen by the COPEI and the CUTV. An increase in pay by law would, according to the subcommittee majority, be a paternalistic measure that would in no way aid the workers.

Bruto said that on Wednesday of this week, the committee, meeting in plenary session, would receive the respective report and proceed to pass it. He added that there is already an agreement in that direction of part of the Democratic Action (AD) faction.

In speaking with this journalist, the trade union and AD congressional leader made the announcement in the following terms:

"A subcommittee of the Chamber of Deputies Social Affairs Committee has, by a majority vote, rejected bills for a general wage and salary increase presented for the consideration of Congress by the COPEI and the CUTV."

It should be recalled that the bill presented by the United Central Organization of Venezuelan Workers was introduced to Congress at the end of 1984 with the backing of over 100,000 signatures, while that of the COPEI was submitted to Congress in the middle of this year.

"What were the reasons causing both bills to be rejected by the subcommittee?" the chairman of the Social Affairs Committee was asked yesterday.

"The subcommittee deemed that the correct way is the one adopted by the CTV and in that sense, we stress the need to strengthen the CTV position because

it is better suited to the reality of the country. It has already been demonstrated that the increase in itself is not a solution and in addition, an increase by the Legislature, as occurred in 1980, is of a paternalistic nature and in no way helps the organized working class."

He indicated that the Venezuelan trade union faces a challenge that it must immediately confront, one that consists in organizing workers to fight through their trade union organizations for their demands. The CTV has taken all workers from all industrial sectors, trade and services into account, which would enable it to speed up the organization of those workers.

"On Wednesday," Brito announced, the plenary session of the committee will hear the subcommittee's report and pass it, provided there is a decision on it by the AD faction of Congress."

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7 February 1986

AD LEADERS CLASH ON WAGE INCREASE ISSUE

Caracas ZETA in Spanish 24 Oct-4 Nov 85 pp 20-22

[Article by Clemente Cohen]

[Text] The economic recovery has still not come about and Venezuelan workers are obviously growing impatient. However, in doing so, they create a situation in which the government and the party in power face the dilemma of following the private sector -- which claims that any wage increase would only raise inflation -- or labor, which insists that since the private sector has not managed to revive anything, the improvement in the economy could come through wage increases, which would in turn raise the demand for goods and services and thus set off the recovery. This is the position to be presented by Juan Jose Delpino at the tripartite meeting scheduled for this week.

For the great majority of observers, the general increase in wages and salaries proposed by the president of the CTV, Juan Jose Delpino, has become the basic reason for the confrontation between Adecos [Democratic Action members] in and outside the government, at a precise time when the party is involved in a far-reaching internal struggle to provide itself with new leadership.

But for the real Democratic Action member, the problem is even more basic: In a sense, it is the veritable "To be or not to be" of a Hamlet written by a native, political Shakespeare! While the problem is the most crucial one of the Lusinchí Administration, it is not so much because it pits some Adecos against others, but rather, because it forces them to face the real *raison d'être* of their political party.

The most serious factor is that to a very great extent, the decision made on this matter will determine the fate of the republic for years to come.

It is particularly hard for the AD because while it could once have faced this type of dilemma with the abundant oil resources, there is virtually no margin for error when the decision is made now.

In the cartoon, ReZetario de Jonas makes a very truthful statement when he makes Gonzalo Barrios and Manuel Penalver say that "we are for the increase and against inflation."

Two theories, both doctrinary and developed within the AD by pure Adecos, clash head on. On the one hand, Juan Jose Delpino, acting as he has been taught: defending his working class, asks for the revival of the economy through social and monetary improvements for the worker. On the other, Hector Hurtado, a veteran interventionist economist, trained to mobilize the macroeconomy for the benefit of the community, argues that there is no money to do what has been proposed.

The party, committed electorally to the economic recovery ("getting the country on its feet") and, at the same time, to the working class ("You live better with the AD"), now finds that there is tension between the two slogans.

AD President Gonzalo Barrios does not want uncontrolled inflation, but he admits that the workers "are forced" to make their demand.

The secretary general of the Democratic Action, Manuel Penalver, says the same thing, but the other way around:

"I hope that a wage improvement will not later turn into a drama for the working class when that wage, which we think we are increasing, is eaten up by inflation."

But there are also those in the party who are taking advantage of the situation. Luis Raul Matos Azocar uses the storm unleashed to draw closer to the Trade Union Bureau and thus strengthen his political situation. Carlos Andres Perez, who has governed and who understands the pressures of government, is also closer to the position of the workers. Even economist Ivan Pulido Mora, defender of the traditional Perez Alfonziana posture and now out of the center of power, is closer to the position announced by Delpino. The opposition, obviously believing that it can take advantage of troubled waters, asks for an increase in wages and salaries, particularly Eduardo Fernandez, who is seeking his candidacy without offending Caldera.

But the problem is not outside of the Democratic Action. Not even FEDECAMARAS [Venezuelan Federation of Associations and Chambers of Commerce and Industry], which obviously defends the position of Hector Hurtado, will have any real influence on the decision because it is in fact an existentialist decision to be made only by the Democratic Action (either the AD as a party or the AD in government).

The situation is particularly difficult for Antonio Rios, who probably has the double loyalty of any political-labor leader: class loyalty and political loyalty. And yet, as spokesman of the AD Trade Union Bureau, he put the situation in perfect perspective:

"It is not easy, despite our good intentions. We have to fight to improve wages, but without going to far, because it could lead us to an inflationary situation, as it has in Argentina, Chile, Brazil and other countries. The president does not want the wage increase, he does not agree with a law to increase wages and salaries generally and that is not what the CTV proposes."

In a long interview, Antonio Rios gets to the core of the problem in identifying with the Lusinchi government, but at the same time, announcing that he would continue the fight for rectifications he deems necessary:

"The fight is different: trying to change the policies that have not yielded the good results that President Lusinchi believed in good faith they would. Our demand is to the men who do not interpret the current crisis and who want to continue governing by decree, but it is not a demand in order to be pitted against the president.... The president's attitude is not at odds with our demands. Responses may sometimes be harsher than necessary, but that is normal."

Rios confronts the apparent tension between Delpino and the president, arguing that relations between the two men are "extraordinary, marked by respect and consideration."

For President Jaime Lusinchi, the situation is also particularly difficult. He has committed his government so far to the revival of the economy in order to see how the benefits will later be distributed. But he is from that very class which he is now criticizing so harshly. His reaction is one of defense toward criticism and cutting remarks. Ironically enough, the statements of Antonio Rios, which help to put a different perspective on what appeared to be a bitter dispute, were made the same day, Sunday, that Lusinchi spoke to reporters at the Palace, obviously annoyed over CTV proposals. Lusinchi's responses are harsh, but one does not know whether the harshness of his remarks is, for tactical reasons or because he truly believes it, directed at the media and specifically, to CTV "advisers."

"What has happened is that they have deliberately twisted what we have spelled out. We are against a general wage increase, but we support partial readjustments in areas in which they are fully justified and we are also in favor of continuing compensations. Those made by virtue of the law of implementation are operating and if not, it is because there are no reports or because the CTV has not concerned itself with them. Where are the reports? I hope they will tell me. Who has not complied with those resolutions? I have said this categorically and I repeat: A general wage increase is not right for the country now and that was never the opinion of the AD, it was never the opinion of the CTV and it was never the offer of the government. That was the opinion of the CTV advisers," Lusinchi said.

Speaking to reporters at the Palace one peaceful Sunday, Lusinchi's words were harsh, especially aimed at those who twist what he says ("That is an abuse of the freedom of the press. I said nothing, I did not make the slightest comment and the CTV proposed nothing to me. I am waiting for them to come to me and propose it to me." Lusinchi is also waiting for the tripartite meeting and said he is willing to "come to an agreement." His anger, probably over having had the matter brought up at the wrong time, is with the CTV "advisers":

"What has happened is that the CTV advisers speak more than the CTV," he said.

But to whom was he referring? To Domingo Maza Zavala? Jose Vicente Sanchez Pina? The problem truly seems more to be "who" than "what the advisers said."

What is ironic is that Sanchez Pina, of the CTV Economic Committee, was the man who drafted the preliminary working paper and his conclusion basically coincides with that of the government: A general increase would generate levels of inflation. However, Sanchez Pina was Luis Raul Matos Azocar's deputy minister, which may be the source of the president's displeasure.

Although the clouds of direct confrontation between the CTV and the government are already lifting, the truth is that there are truly very deep differences in focus.

The posture of the CTV has lightly been catalogued as an "anticipation" of those who want to take the banners of unemployment away from the CTV. In theory then, the CTV cannot remain indifferent to unemployment that goes as high as 15 percent. (There are now an estimated 1.2 million unemployed, compared with 765,000 last year.) Delpino and the CTV are said to be desperate over the inflation -- the frozen wages can no longer meet daily needs -- but the truth is that inflation has been much better controlled in 1985 than the year previously. Finally, the CTV is said to be displeased with the "failure" of compensatory measures such as the transport bonus and low-cost cafeterias, which protest angered the president.

The private sector has even said that the CTV's demands in a sense constitute a kind of "time bomb," since the debt is being negotiated (or negotiations are winding down) and that what the CTV proposes is precisely what the IMF opposes.

But looking at things more closely, the problem posed by Delpino and the CTV does touch all points, but one in particular: the failure of private enterprise to contribute really to the economic recovery.

The CTV's criticism of the men in government is based on the fact that the labor confederation believes that they have not imposed a dynamic, bold economic policy, due to the fact that virtually all measures during the first 18 months tended to create incentive for the private sector, while the money of the private sector remained abroad. Measures will therefore have to be taken without their advice for boosting the economy. That is the crux of the matter.

The CTV believes that the debt was poorly handled, allowing the government to be backed into a corner because of the urge to "pay the very last cent," even at the expense of social projects, a point partially resolved with the "contingency clause" imposed at the last minute by Lusinchi in New York. Regarding the revival, Hector Hurtado believes that the economy is finally beginning to move in the direction indicated and asks for time to let it happen. The CTV argues that time has already run out.

After the verbal wars, the tripartite committee will once again meet this week. The difference now is that the private sector (FEDECAMARAS) will go to the committee this time without any arguments or real political support. One can see in the statements by men in government and trade union and party (AD) leaders that a settlement can be reached, at least in those areas where there has been recovery. Who will determine which areas are the ones to have recovered?

The emerging and as yet fragile agreement outlined states that it will not be the private sector that will determine areas of revival. Thus it is that one seems the budding optimism read between the lines of the statements by Delpino and other leaders.

"Look, things are going very well.... The document is being drafted with the observations formulated by our colleagues on the Political Secretariat of the CTV last Friday.... We have incorporated into the benefits of the wage increase those workers in trade or the so-called 'informal' sector."

"I want to take advantage of this opportunity to state that we are not going to propose to the tripartite committee any wage increase or adjustment, as some would like. In the final analysis, what is being sought is an increase in income enabling the people to live better, to stimulate production through their purchases and one that would generate more jobs on the whole," Delpino said.

In short, one can see the rapprochement of ideological positions among leaders of the government, party or the CTV, seeking a way to revive production, increase real employment and control inflation. If this is so, then the other face of the Democratic Action will come into play, the one that is not ideological. It is now time for the traditional and proven AD pragmatism.

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VENEZUELA

BRIEFS

PENALVER ON AD'S INTERNAL ELECTIONS--Manuel Penalver, secretary general of the Democratic Action (AD), has announced that there is relative calm in the party's internal processes, although he admitted some difficulties in Zulia. However, inasmuch as virtually all the regional election commissions have been installed, it was decided that those not installed by the deadline (Tuesday) would be appointed by the National Election Commission. Penalver rejected the widespread idea that internal election activities are taking place within an atmosphere of violence: "I believe that it is a problem of logistics that is now being resolved so that 2.15 million AD members may express their will," Penalver said. What roused the most debate at a long meeting of the National Executive Committee (lasting until 1600 hours) was the decision to regulate the national leadership as a soothing measure during the process. Some leaders objected that their activities were being affected, but Penalver said that there was no attempt to ignore or interfere in the complete freedom of action of the highest leaders. "We are trying to ensure that these visits or tours in the interior will continue within an institutional spirit, without turning into acts of support for regional aspirations and thus achieve greater harmony in the process," Penalver said, but he also repeated his warning with respect to candidates' lack of obedience, excesses, failures to observe or violations of instructions, "which would make them ineligible for leadership positions." When former President Carlos Andres Perez was asked about the National Executive Committee's decision on trips to the interior by high party leaders, he said he did not feel affected in any way. "Rather, I support the decision because it ensures greater institutionality" in the internal election. [Text]
[Caracas ZETA in Spanish 7-18 Nov 85 p 15] 11,464

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